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Linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration

Report of the Secretary-General**

Summary

When setting the priorities for action in the new millennium, world leaders recognized the significant role that sustainable management of natural resources plays in poverty alleviation and other human welfare issues. At the commencement of the sixtieth session of the General Assembly in September 2005, Heads of State and Government will comprehensively review the implementation of their Millennium Declaration. This will represent a unique opportunity to highlight how sustainable forest management can help to achieve the internationally agreed development goals.

The present report examines the linkages between sustainable forest management and many of these internationally agreed development goals, including poverty eradication, health, environmental sustainability, consumption and production patterns and energy. It also considers the importance of the enabling environment and means of implementation, together with the interrelationships between sustainable forest management and such issues as peace, security and good governance. It concludes by suggesting how the international arrangement might act as a catalyst in promoting the linkages between forests and internationally agreed development goals.

* E/CN.18/2005/1.

** The delay was due to the need to incorporate the key recommendations from the final report of the Millennium Project and its task force on environmental sustainability.

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I. Introduction

1. The United Nations Millennium Declaration, agreed by Heads of State and Government at the Millennium Summit of the General Assembly held in 2000, provides an integrated framework of development related goals. It sets out a number of time-bound and measurable goals for the eradication of extreme poverty and hunger, universal primary education, gender equality, health, environmental sustainability and a global partnership for development. The Millennium Declaration was built upon a decade of major United Nations conferences and summits, including the United Nations Conference on Environment and Development, the International Conference on Population and Development, the World Summit for Social Development and the Fourth World Conference on Women. Since the Millennium Summit, other major conferences have been held, including the International Conference on Financing for Development and the World Summit on Sustainable Development, which added to the global consensus on these issues. Together, the outcomes of these conferences and summits constitute the international development agenda.

2. In its resolution 58/291, the General Assembly decided to convene in New York in 2005, at the commencement of its sixtieth session, a high-level plenary meeting of the Assembly, at which Heads of State and Government would participate. It will comprehensively review the implementation of the Millennium Declaration and inject new energy into the pursuit of the vision it embodies. This will represent a unique opportunity to highlight the contribution that sustainable forest management can make to achieving the internationally agreed development goals.

3. The present report has been prepared to facilitate deliberations during the high-level segment of the fifth session of the United Nations Forum on Forests to be held in New York from 16 to 27 May 2005. Section II examines the linkages between sustainable forest management and the achievement of the internationally agreed development goals relating to poverty eradication, health, environmental sustainability, consumption and production patterns and energy. Section III examines the linkages between forests and the establishment of an enabling environment, as well as the means of implementing these goals, with particular reference to peace and security, governance, financial resources and trade. The report concludes by suggesting ways to strengthen and enhance the contribution of forests to the international development agenda.

II. Forests and the internationally agreed development goals

4. When setting the priorities for action in the new millennium, world leaders recognized the significant role that sustainable management of the natural resource base plays in poverty alleviation and other human welfare issues. Accordingly, in paragraph 23 of the Millennium Declaration, they resolved, inter alia, to intensify their collective efforts for the management, conservation and sustainable development of all types of forests. The Plan of Implementation, of the World Summit on Sustainable Development (Johannesburg Plan of Implementation), noted that sustainable forest management is a critical means to eradicate poverty, significantly reduce deforestation, halt the loss of forest biodiversity and land and resource degradation and improve food security and access to safe drinking water

and affordable energy. The Plan also recognized that actions are needed at all levels to enhance political commitment to achieve sustainable forest management and that this is a priority on the international political agenda.

5. The Millennium Development Goals translate the international development agenda into tangible and achievable targets and have achieved an unprecedented level of visibility and engagement around the world. For monitoring purposes, there are specific targets and indicators associated with each Goal: the proportion of land area covered by forests is an indicator for the target "to integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources", under Goal 7. While there are linkages between forests and all the Goals, as well as other pressing issues on the international development agenda, the present report focuses on the most direct linkages, namely those relating to the eradication of extreme poverty and hunger, health, environmental sustainability, sustainable consumption and production patterns and energy.

A. Eradicate extreme poverty and hunger

6. The first Millennium Development Goal is to eradicate extreme poverty and hunger. The target is halving the proportion of people living on less than a dollar a day and those who suffer from hunger. At present, one billion people live on less than $1 per day and 831 million people are undernourished. The World Bank[1] estimates that roughly a quarter of the world's poor and 90 per cent of the poorest depend substantially on forests for their livelihoods. Although such numbers may not be precise they are generally accepted to be in the correct order of magnitude.

7. More than 400 million people who live in or near forests rely on them for subsistence and income. They include an estimated 60 million indigenous people who depend almost entirely on forests. These forest-dependent people are among the poorest, most vulnerable and powerless groups. Typically, their subsistence is based on forest-fallow shifting cultivation systems, gathering of wild plants, hunting, and use of forest vegetation for grazing of livestock. Even this basic level of subsistence is threatened where tenure rights are insecure; often forest laws deny or limit the right to use wood and non-timber forest products, or rights of access and residence are denied. Such people often live in politically marginalized groups distinct from the dominant culture. Many forest-dependent people belong to the "other half": those who will remain in poverty and face hunger even if the Millennium Development Goals targets are met. Moreover, while forest products may help them to cope with poverty, they do not necessarily help them to escape from it. In many countries, Governments have already recognized ancestral domain claims and the legitimate rights of forest-dependent people, and have strengthened community forest tenure or created new opportunities for community management. The establishment of rights for indigenous people and local communities is prerequisite for improving the livelihoods of these millions of forest inhabitants.

8. A further 1.2 billion people depend to some extent on trees and forests as part of their farming system. Some 60 to 80 per cent of farmers and smallholders in the developing world are women. Shortages of fuelwood often place particular burdens on women and girls, because they have to walk further to collect it. Many rural dwellers could benefit from growing trees to produce wood (for fuel, building or furniture), medicinal products or food (such as fruit, nuts, or fodder) and to provide

shade or conserve and fertilize the soil. Much is known about how trees and agroforestry can benefit smallholders and farmers and there are well developed systems for using trees to help maintain and improve soil fertility, rehabilitate degraded land and protect water resources. However, these proven agroforestry techniques must be adopted more widely, despite serious barriers, such as insecurity of land and tree tenure, lack of knowledge and lack of capital. It is often particularly difficult for women to obtain credit or security of tenure.

9. There are also 60 million people employed in forest industries around the world. Jobs range from traditional joinery to employment in large-scale wood-processing operations. In developing countries, many more people are currently engaged in small-scale processing and trading of forest products than are employed in larger scale forest industries. In addition, at least half of all these jobs are in the informal sector, where low levels of productivity, wages, stability and social protection prevail. Income from very small enterprises may not be reflected in national statistics, but small-scale forest-product processing and trade is often one of the largest non-farm sectors in the rural economy. Such income, from the sale of non-timber forest products, can be particularly important for rural women. In some places, local people derive income from ecosystem services, such as ecotourism or environmental protection, but this is not common.

10. Measures that promote general economic growth in rural areas should benefit forest-related enterprises, for example through access to credit, infrastructure development and improved access to markets. The Monterrey Consensus emphasized the role of microfinance and credit for small and medium-sized enterprises in enhancing the social and economic impact of the financial sector. In the rural areas of developing countries, forests and the forest industries may enhance employment and income generation. Small and medium-sized enterprises dominate the forest industry structure in developing countries and provide fruitful targets for credit programmes. Labour intensive wood and non-wood raw material harvesting and related small and medium-sized forest enterprises, including bio-energy production, have significant income and employment generating potential, especially in rural areas where proper economic foundations are often not in place. Economic growth, with consequent benefits in terms of poverty alleviation, can be achieved by helping small and medium-sized enterprises to meet their capital needs and improving access to markets. Sustainable forest management, when properly coordinated with other social and economic sectors, will be beneficial to local communities, particularly women.

11. During its discussions of the economic, social and cultural aspects of forests at earlier sessions, the Forum has addressed a number of important issues relating to poverty and hunger. Such issues were also considered at the panel discussion on forests and broader development goals organized during the fourth session of the Forum in May 2004. Nevertheless, in the future the international arrangement on forest could focus in greater detail on how best to realize the potential contribution of forests to poverty eradication and food security, helping to ensure that this is fully reflected in national forest policies as well as wider development policies, such as poverty reduction strategy papers. Furthermore, scientific knowledge, lessons learned and experiences of how forest activities improve the livelihoods of poor people need to be brought to the attention of the international forest community and, more importantly, of other forums and United Nations bodies, including the

Economic and Social Council and the Commission for Social Development, as well as the Permanent Forum on Indigenous Issues.

B. Health

12. A number of Millennium Development Goals relate to health and there are a number of ways in which forests can have an impact on health. Forests can help to secure supplies of clean water and certain forest species can be an important source of medicinal products, and there are the more general health benefits that will stem from reducing poverty and hunger. Also, there is evidence that combating deforestation stems the spread of harmful pathogens.

13. More than 3 million deaths per year are attributed to water pollution and poor sanitation, mainly in poor rural areas. Despite the close linkages between land use, forestry, fresh water and health, these issues are rarely managed in a holistic manner. While deforestation and unsustainable management practices can lead to increased water pollution, sustainable forest management in watersheds can help to protect supplies of freshwater. This can be particularly important for some of the most vulnerable groups, such as poor people in rural areas, women and children.

14. Medicinal plants are a source of treatment for many diseases and can contribute to the achievement of the health-related Millennium Development Goals. For example, in Africa, more than 80 per cent of the population depend on plants for their medical needs, since a large proportion of the rural population has no easy access to expensive modern processed drugs. More generally, trees comprise two thirds of the species from which medicinal products are derived, and, at the same time, there is a growing interest in natural medicines in the developed world. Increased scientific research and the use of traditional forest-related knowledge of medicinal plants could greatly improve human health in many parts of the world. While this can benefit both health care and producers' incomes, careful management is needed to avoid any overexploitation of medicinal tree species that would put further pressure on forests. One way forward is for forest and agroforestry practices to focus on cultivating medicinal plants to meet these growing demands.

C. Environmental sustainability

15. As the report of the Millennium Project task force on environmental sustainability explains, environmental sustainability means meeting current human needs without undermining the environment's capacity to provide for these needs over the long term. This is essential to achieving all the other Millennium Development Goals, and one of the Task Force's 10 recommendations is to promote forest management for protection and sustainable production.[2]

Deforestation

16. As noted in paragraph 5 above, the proportion of land area covered by forests is one of the indicators associated with the Millennium Development Goal on environmental sustainability. Despite substantial progress in the formulation and implementation of national forest policies, deforestation and forest degradation continue at an alarming rate. The deforestation rate in the 1990s was estimated at 14.6 million hectares per year; since 5.2 million hectares were gained through

afforestation and natural expansion of forests, the rate of net deforestation was 9.4 million hectares per year (see table).[3] Most of the losses occur in the tropics, while in the non-tropical regions forests are expanding either naturally (for example on large areas of abandoned agricultural land) or as a result of afforestation programmes.

Gross and net change in forest area, 1990-2000 (million ha/year)

Domain	*Deforestation*	*Increase in forest area*	*Net change in forest area*
Tropical	-14.2	+1.9	-12.3
Non-tropical	-0.4	+3.3	+2.9
Global	-14.6	+5.2	-9.4

Source: FAO, Global Forest Resource Assessment 2000.

Climate change

17. There is strong evidence that the global climate is changing and that most of the warming observed over the last 50 years is attributable to human activities leading to greenhouse gas emission. The United Nations Framework Convention on Climate Change aims to achieve a stable level of greenhouse gases in the atmosphere that will avoid dangerous interference with the global climate system. Forests contain more than half of all terrestrial carbon, and account for most of the exchange of carbon between terrestrial ecosystems and the atmosphere. The Marrakech Accords acknowledged four major roles of forests in climate change: as a source of carbon dioxide when destroyed or degraded; as a sensitive indicator of a changing climate; as a source of biofuels to replace fossil fuels; and as a carbon sink, when growing. One global consequence of the loss of forest cover is its impact on greenhouse gas emission, with land use change (primarily deforestation) accounting for 20 per cent of man-made greenhouse gas emissions.[4] The Kyoto Protocol, which entered into force on 16 February 2005, establishes a number of flexible implementation measures: two of those, Joint Implementation and the Clean Development Mechanism, may include afforestation projects. In the future, the international arrangement on forests may seek to enhance collaboration with the Convention to strengthen the mutual supportiveness of sustainable forest management and climate change mitigation and adaptation, particularly in areas that are vulnerable to the adverse effects of climate change.

Biodiversity

18. Another global consequence of deforestation is loss of biological diversity. Tropical moist forests are the most diverse ecosystems on Earth, containing 60 to 90 per cent of the world's species. The goals of the Convention on Biological Diversity are the conservation of biological diversity, the sustainable use of the components of biological diversity, and the fair and equitable sharing of benefits arising from the use of genetic resources. Many of the Convention's articles apply to forest ecosystems, although it makes no specific reference to forests. However, the (non-binding) expanded programme of work on forest biological diversity contains three elements: conservation, sustainable use and benefit-sharing; an enabling institutional and socio-economic environment; and knowledge assessment and

monitoring. The Forum and the Conference of Parties to the Convention have addressed loss of forest biological diversity and collaboration between the Convention and the Forum. Cooperation between the Forum and the Convention, with the involvement of other CPF members, has focused on the relationship between sustainable forest management and ecosystem approach. However, due to the close linkages between forests and biological diversity there is considerable scope for strengthening collaboration.

Desertification

19. The United Nations Convention to Combat Desertification aims to combat desertification, mitigate the effects of drought and contribute to the achievement of sustainable development. As acknowledged by the World Summit on Sustainable Development, the Convention constitutes a major international instrument to contribute to poverty eradication and meeting other Millennium Development Goals. Forests carry out important ecological functions which stabilize soils and help protect water resources. Forests and trees are also often key reserves of fodder that help maintain livestock during periods of extended drought. Conversely, deforestation can contribute to land degradation and desertification. There is considerable scope for further collaboration between the international arrangement on forests and the UNCCD in relation to the special needs of countries with low forest cover. Both the Forum and the Convention have addressed this issue, but to date little progress has been made

D. Sustainable consumption and production patterns

20. The Johannesburg Plan of Implementation recognized that fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. The Plan encourages an accelerated shift towards sustainable consumption and production, where appropriate de-linking economic growth and environmental degradation through improved efficiency and sustainability in the use of resources and reduced resource degradation, pollution and waste. Global demand for wood, including industrial roundwood, paper and fuelwood, continues to grow and is expected to do so for the foreseeable future. Local and regional supply scarcities will continue to put pressure on some areas of natural forest but, on a broad scale, the world's forests have the capacity to meet this increase in demand. Indeed, wood production in some areas could be significantly increased. Wood products harvested from sustainably managed forests can make a significant contribution to sustainable development and countries should promote and encourage the use of wood products rather than non-renewable products. The Marrakech Process, which is a 10-year framework of programmes on sustainable consumption and production, has focused on urban planning, transport, energy and chemical issues, but has not focused on forests or forest products. Forest resource issues have however been addressed primarily as part of an analysis of energy consumption in sub-Saharan Africa, where fuelwood and charcoal are the major energy sources, particularly for household consumption. The work of the Forum, and the objectives of sustainable forest management, are inextricably linked to sustainable consumption and the production of timber and non-timber forest products. In this regard, the Forum should explore ways and means to foster closer

linkages with the Commission on Sustainable Development, and other forums, that deal with consumption and production patterns.

E. Energy

21. The Johannesburg Plan of Implementation also calls on Governments to diversify energy supplies and improve access to reliable and affordable energy services. Currently, about 2.4 billion people worldwide rely on fuelwood for cooking and heat.[5] While fuelwood can be produced without causing deforestation (for example, from well-managed plantations), there are places where the harvesting of fuelwood does contribute to deforestation, for example where it is used for large scale commercial charcoal production to supply cities in parts of Africa and Asia. The use of fuelwood for household cooking and heating can also cause health hazards and respiratory illness, especially in small spaces without proper ventilation. Recent studies point to an estimated 1.6 million premature deaths per year, mostly of women and children, due to indoor air pollution.[6] On the other hand, fuelwood is a renewable energy source that is environmentally preferable to fossil fuels because carbon emissions from burning are offset by carbon sequestration through tree growth. Pressure on fuelwood resources can be reduced by promoting a shift from relatively low-efficiency traditional fuelwood-burning stoves to other technologies. Depending upon circumstances, these can include improved biomass cooking stoves or larger-scale, more efficient, plants for converting fuelwood to energy. Since fuelwood and charcoal are likely to remain major energy sources in a number of developing countries, improvements in fuelwood-burning technologies are essential. There is scope for the Forum to consider issues of fuelwood supply and conversion technologies in more detail, in collaboration with the Commission on Sustainable Development, which is considering energy for sustainable development as a thematic cluster in its multi-year programme of work during 2006/07.

III. Enabling environment and means of implementation

22. The Millennium Declaration recognized that success in meeting its objectives depends, inter alia, on peace and security, and good governance. It also noted the obstacles faced by many developing countries in mobilizing the necessary resources to finance their sustainable development. In January 2005, the Millennium Project, an advisory body to the Secretary-General, published a report,[7] which noted that while progress has been made in meeting the Millennium Development Goals in many parts of the world, many developing countries have little chance of meeting the targets by 2015. The report calls for donor countries to increase official development assistance to 0.7 per cent of their GDP by 2015. It also calls for high-income countries to open their markets to developing country exports through the Doha trade round.

A. Peace and security

23. The vision of collective security illustrated in the report of the High-level Panel on Threats, Challenges and Change (see A/59/565), gives a broad meaning to

peace — linking development to security. Poverty, infectious diseases, environmental degradation and armed conflict contribute to each other in a vicious cycle, posing serious threats to peace and security in many parts of the world. The obstacles to development need to be addressed in a coherent and integrated manner, rather than as stand-alone threats. Similarly, there needs to be an integrated approach to sustainable development, dealing with issues of development assistance, trade, technology and national development policies in an integrated manner. Forests have a direct bearing on many of the clusters of threats to collective security. Conflict over the control of forests and other natural resources has often been an obstacle to peace. Illegal forest-related activities, sometimes associated with corruption and money-laundering, have provided funds which have helped to sustain some of the world's most persistent conflicts. This has also led to environmental degradation, and loss of resources that could otherwise benefit local communities. On the other hand sustainable forest management is in a strong position to foster sustained economic growth, helping to create employment opportunities that contribute to the foundations for peace. Indeed, forest-related activities, such as tree-planting and management, can form a useful part of post-conflict reconstruction programmes, by encouraging communities to work together for a common future. During the high-level segment there is an opportunity for the Forum to consider further the role of forest in conflict prevention, post-conflict resolution and reconstruction.

B. Governance

24. As emphasized in the Monterrey Consensus, good governance is essential for sustainable development. Public participation, accountability and transparency, supported by effective institutions are crucial elements of good governance at all levels. Promoting corporate responsibility and accountability and the exchange of best practices, as well as the active involvement of civil society, are also important aspects of building stable policy and institutional frameworks. Weak law enforcement often leads to illegal activities in the forest sector, causing economic, social and environmental loss. The loss of potential public revenue from forests can in turn reduce funding for other public sector investments. Illegal forest-related activity on public lands worldwide is estimated to cause annual losses in revenues and assets in excess of $10 billion. The conditions that make such illegal activity possible include poor governance, corruption and limited law enforcement capacity at local, regional and international levels, as well as market demand. International efforts are required, in both consumer and producer countries, to tackle illegal trade in forest products.

25. Cooperation in clarifying forest tenure and user rights, in strengthening the legislative framework, and in developing enforcement capacity and institutions, together with monitoring, control and verification techniques, have had some impact in reducing illegal activity, but this remains a serious and important issue. Illegal forest-related activity and related governance issues have received more international attention in recent years. High-level regional conferences on forest law enforcement and governance in Africa and Asia have explored ways for Governments, non-governmental organizations and the private sector to combat illegal activity and promote good governance. Similar conferences are proposed for Europe, Northern Asia and Latin America. Countries have committed themselves to

intensifying national efforts and strengthening bilateral, regional and multilateral collaboration to address forest-related crime. Concerted efforts to foster good governance and achieve effective forest law enforcement will help to create the necessary enabling environment for sustainable forest management to contribute towards achieving the internationally agreed development goals. During the high-level segment there is an opportunity for the Forum to consider further key forest law enforcement and governance issues at the global level.

C. Financial resources

26. Mobilizing and increasing the effective use of financial resources is one of the crucial preconditions for achieving the internationally agreed development goals and finance is an integral element of the Millennium Development Goals on a global partnership for development. As recognized in the Monterrey Consensus, each country has primary responsibility for its own economic and social development and the role of national policies and development strategies cannot be overemphasized. Domestic investments are a critical resource for economic growth and sustainable development. It is crucial to have an environment that enables the mobilization of domestic resources, encourages productive investments, increases productivity and helps attract international finance.

27. An important feature of financing sustainable management is the need to address market failure. Many forest outputs cannot be sold on the market, and in many cases there are no mechanisms to compensate owners for providing environmental and social non-market services. This encourages unsustainable practices, hampers financing for sustainable forest management and contributes to deforestation. Another related cause of market failure can be a lack of exclusive ownership rights. Instruments aimed at tackling market failure and offering incentives to provide benefits such as watershed protection, biodiversity conservation, recreation and carbon sequestration would contribute to sustainable forest management, as well as socially more optimal forest activities.

28. Official development assistance (ODA) is still the largest source of external financing for many developing countries and is critical to the achievement of the internationally agreed development goals. ODA is especially important in those countries which currently have limited capacity to attract private and foreign direct investment. ODA is also an important complement to other sources of financing and can help mobilize domestic resources and facilitate private-sector activity. Over the last few years, development aid has shifted away from thematic projects, towards broader programmes and direct budget support; this makes it harder to monitor the level of ODA to the forest sector. If activities relating to the forest sector are to attract ODA, they need to be identified as a priority in poverty reduction strategy processes and/or similar macrolevel development and assistance strategies in developing countries. To achieve this, national forest programmes or similar frameworks should include clear statements explaining why forest-related activities are a priority and why external funding is justified. Such statements should clarify the significance of forests and the forest sector for reducing poverty, contributing to national economic growth and conserving key environmental services and values.

29. In addition to seeking financial outlays from national budgets and ODA, full advantage must be taken of other sources of funding. Forest fiscal reform provides

opportunities to increase revenues generated from forest resources. There may be scope to improve revenue collection by raising fees and royalties from timber harvesting and other uses of the forest. Capturing the full value of forests is one important means of financing to achieve the internationally agreed development goals. Inadequate rent capture decreases government revenues and acts as a disguised subsidy. To put this into perspective, a World Bank estimate suggests that losses from failure to collect fees and royalties from legal operations amounts to $5 billion a year. This loss is more than three times greater than the level of ODA to the forest sector. Thus, the contribution that an efficient forest fiscal system can make to poverty reduction and economic growth is significant.

30. The private sector has a major role to play in forest-based development. However, proper macroeconomic, institutional and policy frameworks that encourage private sector investments are necessary. There is a need for the right enabling conditions, including clear forest tenure and use rights, a commitment to the rule of law and good governance, sound economic policies, market mechanisms, a positive investment climate and infrastructure, together with the existence of business opportunities that offer the prospect of a financial return commensurate with the risk. Private-public partnerships are potentially very important. They can take different forms, but generally combine the deployment of private-sector capital and expertise in a way which generates public benefits and receive commensurate public funding.

31. The issue of financing sustainable forest management has been extensively addressed by the Forum and its ad hoc expert group on financing and transfer of environmentally sound technologies. During its high-level segment, the Forum may wish to consider ways to secure increased finance for sustainable forest management through, inter alia, full acknowledgement of national forest programmes in key development planning processes, including poverty reduction strategies and equivalent mechanisms. The Forum may also wish to call on countries to create enabling conditions for private-sector investments and encourage environmentally and socially responsible investments in the forest sector.

D. Trade

32. Both the Millennium Declaration and the Monterrey Consensus emphasize the potential of international trade to reduce poverty. A fair multilateral trading system and meaningful trade liberalization can benefit countries at all stages of development, serving as an important source of development financing. Trade in forest products is extensive and has been growing faster than production or consumption over the last decade. In recent years, successful multilateral trade negotiations have resulted in improved market access for forest products. Improving the access to markets of local forest sector producers is perhaps one of the most efficient ways to promote trade-driven development that reaches the poor. Well-functioning markets, from the village to the national and international levels, are important in providing an economically viable option for creating income and employment, especially in rural areas. There is a strong trend towards ownership of forests by local communities, which has provided low-income producers with new opportunities. At the same time, globalization and trade liberalization pose challenges for many developing countries, which need to be able to integrate into the world economy in an equitable way. The production of high-quality forest

products for international markets can require significant investment in advanced technology. There are many examples of this in developing countries: manufacturing and trade can create employment and help to alleviate poverty. Trade has been addressed as a common item in past Forum sessions. During its high-level segment, the Forum may wish to consider further the scope for advancing the issue of trade as an engine, both to promote sustainable forest management and to meet development objectives. In particular there is a need to continue efforts to enhance market access for forest products and services to benefit the poor.

VI. Conclusions

33. **Sustainable forest management contributes substantially towards achieving many of the internationally agreed development goals. Proper recognition of the potential contribution of forests will to a large extent depend on how effectively the international forest community can demonstrate the importance of the linkages between forests and a number of relevant goals and associated targets. Setting clear objectives for international forest policy and linking sustainable forest management more closely to the internationally agreed development goals are avenues that warrant careful consideration at the Forum.**

34. **In addressing poverty, hunger and health, attention should be given to the opportunities afforded by forests to help meet the needs of forest-dependent people. Where forests play a critical role in enabling people to cope with poverty, their rights should be safeguarded by providing and securing tenure and access to wood and non-timber forest products. Respecting human rights and protecting vulnerable forest-dependent people are important elements of sustainable forest management and the creation of an enabling environment for poverty alleviation. To ensure coherent efforts at the national level, clear linkages between national forest programmes and other plans, including poverty reduction strategy papers, are essential. National forest programmes must clearly identify the relevance and potential role of trees and forests in achieving the Millennium Development Goals and highlight opportunities for scaling-up good initiatives.**

35. **The strong linkages between forests and ensuring environmental sustainability were highlighted in the Millennium Declaration. Some progress has been made to achieve the integration of the principles of sustainable forest management into country policies and programmes, such as national forest programmes or similar strategies. However, the alarming rate of deforestation continues to warrant international attention and there is a need to renew the pledge to combat deforestation and restore forest functions (such as production, protection and conservation) at the landscape level, by rehabilitating degraded lands with, inter alia, forest plantations, and to improve the livelihoods of poor people living in and around forests worldwide as a priority. Setting a global goal in this regard may serve as a catalyst for action at all levels and encourage countries to set their own national targets to fulfil this commitment. There is also a need for close cooperation on forest-related matters among the United Nations Forum on Forests, the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, the United Nations Convention to Combat Desertification, the Commission on Sustainable**

Development and other functional commissions, as well as stronger regional efforts in this regard.

36. **Forest resources can be a fuel for conflict but they can also be used to help promote peace and stability, playing an integral role in reconstruction and peace-building, for example by offering opportunities for building community capacity and trust through forest restoration projects. Good governance, with a clear articulation of the principles of environmental and social responsibility, are prerequisites for sustainable forest management. Efforts should also be made to improve law enforcement and to curb illegal forest-related activities, which often result in the destruction of ecosystems and deprive forest-dependent communities of their livelihoods. The international arrangement on forests can facilitate cooperation to help realize the potential contribution of forests in conflict prevention, post-conflict resolution and reconstruction, and to help in addressing forest law enforcement and governance.**

37. **Finance is an integral element of the global partnership for development. Reforms in the forest sector, good governance and the creation of a stable and sound institutional and policy environment will help attract more international finance for development and contribute to the self-financing of the sector. These measures also contribute to more efficient use of ODA, which can in turn further leverage foreign direct investment, trade and domestic resources. The declining flows of ODA to the forest sector need to be addressed by focusing on the contribution that forests can make to achieving internationally agreed development goals. At the same time, there is a need to promote economic development through investment in forest-related industries; a fair multilateral trading system allows countries to take advantage of such opportunities.**

38. **The achievement of the Millennium Development Goals by 2015 will require a much stronger commitment on the part of developed and developing countries as well as civil society to work together to effectively address and find solutions to the most basic yet difficult problems of poverty and hunger. There is a need for a new paradigm on the interaction and linkages between people and precious natural resources. Forests are deeply entwined with other sectors of society and their management requires coordinated efforts and intersectoral approaches. The international arrangement on forests can act as a catalyst in ensuring that forests play their full part in contributing to the achievement of the internationally agreed development goals.**

V. Points for discussion

39. **The Forum may wish to consider:**

(a) **Renewing the commitment to make global progress towards sustainable forest management. Such a commitment may also include an agreement on curbing the rate of net deforestation by 2015, while conserving natural forests, replanting forests and restoring forest functions and rehabilitating degraded forest landscapes and improving the livelihoods of poor people living in and around forests worldwide;**

(b) **Recognizing the role trees and forests can play in the achievement of the other internationally agreed development goals, including their benefits for**

the livelihoods of over a billion people living in extreme poverty, and the vital environmental role of forests in promoting climatic stability, conserving biological diversity, and protecting coastlines, watersheds and soil;

(c) Further recognizing these issues as critical areas to be addressed in the future by the international arrangement on forests, and the need for enhanced cooperation with relevant instruments, intergovernmental organizations and processes, both within and outside the United Nations system;

(d) Highlighting the importance, in achieving the internationally agreed development goals and in promoting sustainable forest management, of the enabling environment and means of implementation;

(e) Developing effective implementation of national forest programmes or similar strategies and urging countries to fully integrate these programmes with broader national priorities and development planning processes, including poverty-reduction strategies;

(f) Recognizing the role played by civil society, the private sector, intergovernmental organizations, including members of the collaborative partnership on forests, and major stakeholder groups in promoting sustainable forest management worldwide.

Notes

[1] *Sustaining Forests: A Development Strategy* (World Bank, 2004).

[2] Millennium Project task force on environmental sustainability, "Environment and human well-being: a practical strategy" (2005).

[3] FAO, *Global Forest Resources Assessment 2060*, FAO Forestry Paper, No. 140 (2001).

[4] Intergovernmental Panel on Climate Change, Third Assessment Report. Climate Change 2001: the Scientific Basis. Cambridge University Press, 2001.

[5] International Atomic Energy Agency, *World Energy Outlook 2004*, (2004).

[6] United Nations, UNDP and World Energy Council, *World Energy Assessment Overview Update* (2004).

[7] United Nations, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (2005).

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Review of progress and consideration of future actions

Review of progress and consideration of future actions

Report of the Secretary-General**

Summary

The multi-year programme of work of the United Nations Forum on Forests provided for a review of progress and consideration of future actions at its fifth session. The present report has been prepared to facilitate discussion of this item.

The report reviews progress towards sustainable forest management and progress in the implementation of the Forum's plan of action and the multi-year programme of work, explaining how they have contributed to promoting sustainable forest management and identifies catalysts and obstacles affecting progress.

In its consideration of future action, the report suggests priorities, discusses the setting of goals and targets and considers emerging and critical issues. It also examines the financing of sustainable forest management.

The report also considers developing the international arrangement, largely on the basis of the discussions of the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests and the discussions at the country-led initiative in support of the United Nations Forum on Forests on the future of the international arrangement on forests held in Guadalajara, Mexico, in January 2005.

* E/CN.18/2005/1.

** The delay in the issuance of the present report was due to the need to include updated information.

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I. Introduction

1. At its first session, the United Nations Forum on Forests adopted resolution 1/1, containing its multi-year programme of work for 2001-2005, and resolution 1/2,[1] containing a plan of action for advancing the implementation of the proposals for action of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF). The multi-year programme of work called for a review of progress and consideration of future actions at the fifth session of the Forum.

2. The present report has been prepared to facilitate the review of progress and consideration of future actions. It reviews progress towards sustainable forest management and the implementation of the Forum's plan of action and multi-year programme of work, identifying catalysts and obstacles affecting progress. It also considers elements of possible future actions, including objectives, principal functions and priorities; the setting of goals and targets; emerging and critical issues; and the financing of sustainable forest management. Recognizing that when the Economic and Social Council established the international arrangement on forests it decided that it should be dynamic and adapt to changing conditions,[2] the report also considers options for developing the international arrangement on forests. In presenting points for discussion, it is suggested that the report be considered together with the report of the Secretary-General on review of the effectiveness of the international arrangement on forests (E/CN.18/2005/6) and the note by the Secretary-General on consideration of the parameters of a mandate for developing a legal framework for all types of forests with a view to recommending them to the Council and through it to the General Assembly (E/CN.18/2005/9).

II. Review of progress

A. Progress towards sustainable forest management

3. Widespread use of the term "sustainable forest management" has its origins in the United Nations Conference on Environment and Development, held in Rio de Janeiro in June 1992, in particular in the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (Rio Forest Principles)[3] and chapter 11 of Agenda 21.[4] While there is no single, universally agreed definition of sustainable forest management, it encompasses the management, conservation and sustainable development of all types of forests. Understanding of the concept of sustainable forest management has continued to evolve since 1992. IPF and IFF agreed on over 270 proposals for action for sustainable forest management. Drawing upon the work of regional processes on criteria and indicators for sustainable forest management, the Forum acknowledged, at its fourth session,[5] that seven thematic elements offer a reference framework for sustainable forest management. Those seven thematic elements are used in the following review.

4. **Extent of forest resources.** Despite the efforts of the international forestry community, total forest area continues to decline in most regions of the world. The underlying causes of deforestation include: the demand on forest land for agriculture, grazing and human settlements; the growing demand for timber and forest products; and a range of biotic and abiotic factors that adversely affect forest

health and vitality. The significance of these factors varies between geographical areas. In many countries, causes of deforestation are related to more fundamental issues such as poverty. Furthermore, deforestation is often linked with a failure to recognize the full value of forests.

5. **Biological diversity.** Substantial progress has been made in establishing protected area networks in all regions of the world to prevent loss of forest biological diversity. Over 10 per cent of the global forest area is currently under some form of protection (although the impact and effectiveness of such protection varies significantly). While forest biodiversity continues to decline as a result of deforestation, forest degradation and associated fragmentation of forest habitats, strong efforts are now being made to reverse this trend by restoring the forest functions in degraded forest landscapes.

6. **Forest health and vitality.** In many parts of the world where damage to forests from air pollution has been a significant problem, measures taken to reduce industrial emissions have been beneficial. Continuing action is being taken to monitor the impact of air pollution where it remains a threat to forest health and productivity. Other major threats to forest health and productivity include those posed by fire, storms and other cataclysms, drought, air pollution, the long-term effects of climate change, pests, diseases and invasive species. Unsustainable management practices can also be a contributing factor.

7. **Productive functions of forest resources.** At the global level, the capacity of forests and the amount of land suitable for forest restoration is theoretically sufficient to meet the growing demand for forest products in the near to mid-term. In practice, however, constraints of accessibility, technology and institutional arrangements cause local and regional shortfalls in supply that put pressure on some forests for unsustainable levels of harvesting of wood (including fuelwood and non-timber forest products). Importing of forest products, resulting from local or regional scarcities, may put pressure on other regions. Illegal activity can also put pressure on forest resources.

8. **Protective functions of forest resources.** Trees and forests have important benefits for maintaining water resources and for many agricultural systems, and through these contribute to rural livelihoods. While there is often a lack of quantitative data about the extent and monetary value of forests in protecting soil, water resources and coastlines, qualitative assessments indicate that their importance in this respect is increasingly recognized.

9. **Socio-economic functions.** The contribution of forest goods and services is often much greater than that revealed by official statistics. Forest operations and the forest industry provide employment and income to millions of workers and forest dwellers. There is a need to safeguard customary and legal rights, in particular in instances where forest resources are important for peoples' livelihoods, as is the case for many indigenous communities. There is also a need to ensure that the true value of forests is fully recognized, including their non-market and public good value, and that wider national development policies take proper account of the potential contribution of forests. The report of the Secretary-General on linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration (E/CN.18/2005/7) highlights the particular contribution that forests can make in helping to achieve those goals.

10. **Legal, policy and institutional framework.** The establishment of an international arrangement on forests, which includes the United Nations Forum on Forests, and the support of the Collaborative Partnership on Forests to the work of the Forum, represents a landmark in the development of an institutional framework for sustainable forest management. Other recent developments include the World Bank's revised strategy on forests.[6] At the regional level, there have also been important developments, including the emergence of the nine criteria and indicator processes, forest law enforcement and governance initiatives and awareness building on illegal logging and associated trade. At the national level, important developments have included the formulation and implementation of national forest programmes and reforms in national legislation dealing with forests, land use and natural resources, as well as decentralization and the devolution of forest management to communities.

11. In summary, there has been mixed progress towards sustainable management of forests at the global, regional and national levels. On the one hand, most countries are now involved in internationally agreed initiatives related to sustainable forest management. The criteria and indicators processes have helped in developing a common understanding of the characteristics of sustainable forest management and in translating it into practice. On the other hand, illegal forest-related activities continue to be a major threat to sustainable forest management. A particular challenge will be to facilitate reforms by national and international institutions that address policy and governance issues, as well as market failures that cause and sustain illegal logging and associated trade.

12. The challenges of the alarming rate of deforestation and forest degradation remain serious. There is also a perception that forest-related issues have become relatively less important on the international agenda over the past 10 years. Further action is needed to promote sustainable forest management, clarifying the positive role of forests for socio-economic development of countries, especially for forest-dependent people. Decision makers and the general public pay more attention to the need for sustainable forest management when it is clear that it brings benefits in terms of broader development priorities.

B. Implementation of the plan of action

13. The stated target of the plan of action[1] is progress on the implementation of the IPF/IFF proposals for action and demonstrable progress towards sustainable forest management by 2005. Progress in the implementation of the proposals for action, according to the 16 elements identified in the plan of action, is considered in more detail in the report of the Secretary-General on the review of effectiveness of the international arrangement on forests (E/CN.18/2005/6). The Collaborative Partnership on Forests Framework 2005 (E/CN.18/2005/INF/1) provides detailed information on actions taken by members of the Partnership in support of the implementation of the plan of action. Positive aspects of the implementation of the plan include the development and strengthening of national forest programmes (or similar frameworks) by many reporting countries since the first session of the Forum in 2000; the participation, in the majority of cases, of stakeholders in the formulation and implementation of these national forest programmes; the work of the nine regional criteria and indicator processes; and the designation of national focal points by 125 countries.

14. The assessment of progress in the implementation of the plan of action is, however, hindered by the relatively small number of countries submitting voluntary national reports to the Forum. Over the past four years, 66 countries, 32 developing, 23 developed and 11 countries with economies in transition, including the European Union, have submitted a total of 134 voluntary reports to the Forum. Few countries have developed institutional mechanisms and processes for monitoring and assessing the status of implementation of the proposals for action on an ongoing basis, as called for in the plan of action. Although the plan underlines the importance of providing financial resources to developing countries and countries with economies in transition for the implementation of the proposals for action of IPF/IFF, inadequate financial resources in those countries continue to be a major constraint.

C. Implementation of the multi-year programme of work

15. The multi-year programme of work for 2001-2005 provides the overall structure for the work of the sessions of the Forum. At past sessions, the Forum has considered reports of the Secretary-General on the implementation of the IPF/IFF proposals for action: each report considered a particular element, means of implementation for that element, common items (such as national forest programmes, trade, the promotion of public participation and monitoring, assessment and reporting) and emerging issues relevant to country implementation. The Forum adopted resolutions based on lessons learned with recommended actions directed at member States, members of the Collaborative Partnership on Forests, other international organizations and the donor community for further strengthening the implementation of the proposals for action. All those resolutions were brought to the attention of the Economic and Social Council.

16. The multi-year programme of work includes two high-level ministerial segments and policy dialogues with the heads of member organizations of the Collaborative Partnership on Forests. The first was held during the second session of the Forum and provided member States with the opportunity to highlight country goals and strategies for implementing the proposals for action. A major output of the high-level segment was the Ministerial declaration and message from the United Nations Forum on Forests to the World Summit on Sustainable Development.[7] It became the basis of the section on forests and sustainable forest management in the Johannesburg Plan of Implementation of the World Summit on Sustainable Development.[8]

17. The involvement of major groups in the work of the Forum featured prominently in the multi-year programme of work. Since its second session, the Forum has held multi-stakeholder dialogues to allow for an exchange of views between Government delegates and the representatives of major groups. All the major groups except for local authorities have participated in these dialogues. In addition, major groups have provided discussion papers for consideration at the sessions of the Forum, many of which address their contribution to the implementation of the IPF/IFF proposals for action.

18. The multi-year programme of work also envisaged intersessional activities, such as the meetings of ad hoc expert groups and country and organization-led initiatives to support the work of the Forum. By its decision 2003/299, the

Economic and Social Council adopted the Forum's proposal that intersessional work should be carried out by three ad hoc expert groups. The Ad Hoc Expert Group on Approaches and Mechanisms for Monitoring, Assessment and Reporting met at Geneva from 8 to 12 December 2003. The Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies met at Geneva from 15 to 19 December 2003. The reports from both expert groups, which were considered at the fourth session of the Forum, led to the adoption of resolution 4/3[5] on forest-related monitoring assessment and reporting: criteria and indicators for sustainable forest management, and decision 4/2,[5] which called for further consideration of the issues of finance and transfer of environmentally sound technologies, including the recommendations of the Ad Hoc Expert Group, in the programme of work of the Forum. The Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests met in New York from 7 to 10 September 2004; its report (E/CN.18/2005/2) provided important inputs to the present report. From 2000 to 2005, there were 18 country and organization-led initiatives in support of the Forum. A majority of these initiatives were co-sponsored by both developed and developing countries, as well as international organizations, including non-governmental organizations.

D. Catalysts and obstacles in the implementation of the proposals for action of IPF/IFF

19. In considering future actions and further development of the international arrangement on forests, it is important to take account of current catalysts and obstacles in the implementation of the IPF/IFF proposals for action. Catalysts and obstacles were discussed by the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests.[9]

Catalysts

20. **Strengthened and long-term political commitment.** The most significant development in strengthening the international commitment has been the establishment of the international arrangement on forests. This strong signal by the international community was a response to calls for a central body that could address priority issues relating to all types of forests in a balanced, holistic and mutually reinforcing manner. The significance of sustainable forest management was recognized in both the Millennium Declaration[10] and the Johannesburg Plan of Implementation[8] as essential to achieving sustainable development. The Forum has a central role in promoting the role of forests in achieving international development goals.

21. **Good governance.** Effective policies, rule of law and transparency are prerequisites for sustainable forest management. Other essential elements include democratization, decentralization, political and social stability, continuity of staff, awareness raising and law enforcement. Increased support to timber producing countries to take advantage of new market opportunities and meet the requirements of more demanding markets can help them in their efforts to tackle illegal logging. In order to discourage illegal activity, action is also needed by consumers and traders to prevent illegally harvested products from entering the markets of

consuming countries. Governments themselves are significant consumers and their actions can have an impact beyond their own immediate suppliers.

22. **Implementation of national forest programmes.** The proposals for action have effectively shaped the national forest programmes and their equivalents in many countries, and these national forest programmes have become national institutional frameworks for achieving sustainable forest management. The proposals for action have also helped to broaden the scope of such programmes, bringing related intersectoral problems and issues into focus, and have advanced the effective participation of stakeholders. National forest programmes have also become vehicles for meeting commitments under international agreements.

23. **Developing and implementing criteria and indicators for sustainable forest management.** Criteria and indicators play a key role in the shaping of a common vision of what constitutes sustainable forest management and in measuring and monitoring progress. About 150 countries are engaged in one or more of the nine criteria and indicator processes. These international cooperation frameworks, which have a great deal of complementarities and similarities, have been particularly effective in promoting sustainable forest management.

24. **Global and regional cooperation frameworks.** The seven thematic elements, discussed in paragraphs 3 to 10 above, can provide a basis for a simplified and harmonized approach by global and regional cooperation frameworks when addressing emerging and critical issues. Regional processes, such as the Amazon Cooperation Treaty, provide a valuable mechanism for exchanging information, experiences and lessons learned regarding the proposals for action and for improving implementation. The regional commissions of the United Nations and the regional forestry commissions of the Food and Agriculture Organization of the United Nations (FAO) also help to reinforce political support for implementation of the proposals for action.[11] Regional cooperation thus has an important role in driving the sustainable forest management agenda.

25. **Partnerships.** The Collaborative Partnership on Forests, as an international partnership, has been instrumental in assisting countries in the implementation of the proposals for action in areas including: capacity-building for the implementation of national forest programmes; forest-related scientific research; monitoring, assessment and reporting; and the development of criteria and indicators. Action by the Partnership on reaching a common understanding on concepts, terminology and definitions has also been beneficial and has helped in achieving greater harmonization of national forest programmes and their equivalents. At the regional level, partnerships, such as the New Partnership for Africa's Development, the Congo Basin Forest Partnership and the Asia Forest Partnership have proved to be an effective catalysing force. At the country level, partnerships between Governments and non-government stakeholders have been effective vehicles for promoting implementation of the proposals for action.

26. **Stakeholder participation.** Stakeholder participation in sustainable forest management is an increasingly important feature at the country level. Of particular value is the broadening of the range of stakeholders with an interest in forests and the development of innovative mechanisms for equitable involvement of these stakeholders in the formulation of forest policy and programmes and in forest planning and management. For example, the integration of local and indigenous

communities in sustainable forest management has strengthened the implementation of the IPF/IFF proposals for action.

27. **Country and organization-led initiatives.** Country and organization-led initiatives have been instrumental in advancing work on the implementation of the proposals for action in relation to a number of very specific issues. They provide an opportunity to discuss and analyse complex and politically sensitive issues before they are formally addressed and negotiated at sessions of the Forum. They are also valuable tools for the exchange of information on experiences and lessons learned, as well as for the promotion of relevant proposals for action, which may lead to action on the ground.

Obstacles

28. **Policy dialogue is poorly linked to action on the ground.** Forests are not well recognized for their broader economic and social role. In many countries, forests and forest management have a low priority in economic, social and political agendas. This is particularly true when the policy dialogue is removed from action and needs on the ground. Clear goals and targets could help to catalyse a bottom-up approach, strengthening commitments and ensuring that sustainable forest management makes a full contribution to the broader development agenda.

29. **Assessment of progress in the implementation of proposals for action.** The large number of proposals for action reflects the complexity of the international forest agenda. Many practitioners, however, are either unaware of these proposals for action or find them difficult to understand. This makes implementation difficult. This obstacle has been highlighted at several recent awareness and capacity-building activities. Furthermore, baseline information on progress is lacking at the national and subnational levels. The need for more streamlining and harmonization of forest-related reporting is being addressed by a task force of the Collaborative Partnership on Forests.

30. **Lack of financial resources.** Progress in strengthening financing for sustainable forest management has been both slow and inadequate. In their national reports, developing countries in particular state that they are greatly constrained in the implementation of the proposals for action in all thematic areas, owing to insufficient financial resources for programme delivery. Externalities, issues of common access and the public goods nature of certain important forest benefits mean that forests do not generate revenues that reflect their full value. As a result, there is often too little incentive for investment in sustainable forest management when compared with other land uses or other sectors. The report of the Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies provides a more in-depth analysis of financial constraints impeding sustainable forest management, as well as a number of recommendations for addressing them.

31. **Disincentives for sustainable forest management.** The Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies also noted that the achievement of sustainable forest management can be greatly hindered by policies established outside the forest sector. Disincentives can arise from policies that increase the opportunity cost of forest land, in particular for agriculture or development; insufficient integration of sustainable forest management issues into national, sectoral, regional and local development plans, including national poverty-reduction strategies; restrictions on rent capture and other perverse incentives, such

as taxation policies; inadequate law enforcement and unclear land tenure and property rights. Corruption and weak law enforcement can lead to distorted markets and to trade that undermines businesses that operate responsibly within the law. These factors can make unsustainable practices more profitable than sustainable forest management.

32. **Inadequate transfer of environmentally sound technologies for sustainable forest management.** While some progress has been made in this area, transfer of environmentally sound technologies for sustainable forest management is generally inadequate, particularly in such areas as the development of information management systems for sustainable forest management; utilization of modern monitoring and assessment technologies, including remote sensing and geographic information systems; tools for early warning of specific threats, such as fire; improved harvesting and silvicultural practices; and more efficient wood-processing and utilization technologies. Multilateral development banks, bilateral donors and international organizations are promoting technology transfer through individual projects, but more needs to be done.[12]

33. **Inadequate capacity-building**. Developing countries and countries with economies in transition repeatedly stress that they are greatly in need of capacity-building and corresponding financial assistance to enable them to implement many of the proposals for action. This includes the need for effective extension services; adequate resources and facilities for research and development; and necessary human capacity. Capacity-building encompasses enabling policies and incentives, appropriate legislation and regulation, effective enforcement, adequate information and sufficient human resources, in addition to environmentally sound technologies. It also identifies the range of stakeholders that need to be targeted for capacity-building.

III. Consideration of future actions

A. Objectives, principal functions and priorities

34. The report of the Secretary-General on the review of the effectiveness of the international arrangement on forests concludes that the objective and principal functions of the international arrangement on forests remain valid, but that there is a need for further strengthening of the international arrangement for it to become more effective in delivering on its mandate. The report shows that against a background of many other competing priorities on the international agenda, much useful work has been done, but that the full potential of the international arrangement on forests is yet to be realized. There is a need to raise the status of forest-related issues on the international agenda so that the forestry sector can contribute fully to achieving internationally agreed development goals, including those contained in the Millennium Declaration. Many of the participants at the meeting of the Ad Hoc Expert Group held in September 2004 and the country-led initiative in support of the United Nations Forum on Forests on the future of the international arrangement on forests, held in Guadalajara, Mexico, from 25 to 28 January 2005,[13] came to a similar conclusion. Suggestions contained in the reports of these meetings regarding the objectives and functions of the international arrangement on forests are close to the objectives and functions already stated in

Economic and Social Council resolution 2000/35 establishing the international arrangement on forests.

35. The report of the Ad Hoc Expert Group meeting[14] and the report of the Guadalajara meeting both emphasize the need to demonstrate the contribution of sustainable forest management to global priorities such as poverty alleviation (including sustainable livelihoods of forest-dependent people), health, environment, sustainability and gender equity; and the importance of fostering effective partnerships with constituencies outside the forest sector. This requires the provision of adequate means of implementation and financing; a mechanism for supporting and involving regional processes; and improved communication with the public about forest-related issues. In order to achieve this, the Forum may wish to consider identifying priorities for future action. Such priorities could be common to all options discussed below and could be used to focus international forest policy.

36. Priorities could be grouped according to the six principal functions of the international arrangement on forests, as adopted by Economic and Social Council resolution 2000/35. The following list of suggested priorities takes into consideration the catalysts and obstacles identified in the preceding chapter, as well as in the report of the Ad Hoc Expert Group which met in September 2004 and the Guadalajara report:

1. Implementation of the proposals for action of IPF/IFF:

(a) Providing adequate means of implementation, including secured and predictable financial resources, project financing, capacity-building and access to environmentally sound technologies;

(b) Catalysing action on the ground and stimulating a bottom-up approach;

(c) Articulating the concept of sustainable forest management more clearly;

(d) Improving communication about the problems and learning from the work of others.

2. Forum for continued policy development and dialogue:

(a) Providing dialogue, at global and regional levels, on forest-related issues and related priorities, including those relating to the broader development agenda;

(b) Promoting, open, transparent, inclusive processes, ensuring full participation by all countries;

(c) Having the flexibility to address emerging issues, such as those identified in para. 40 below;

(d) Attracting the interest of a wide range of stakeholders, making full use of participatory processes and strengthening the involvement of major groups, while improving communication with the public on forest-related issues.

3. Cooperation and policy and programme coordination:

(a) Providing a mechanism for supporting and involving regional processes;

(b) Providing a coordination mechanism at the international level, including the Collaborative Partnership on Forests, and making more extensive use of the Partnership to carry out joint and collaborative initiatives;

(c) Continuously supporting coordinated efforts, such as the forest law enforcement and governance processes, in regions where the problem is greatest;

(d) Facilitating cross-sectoral coordination nationally and internationally between the forest sector and other sectors in order to reduce negative impacts on forests of decisions made outside the forest sector and to provide broad guidance and assist the development of national policies and legislation.

4. International cooperation:

(a) Developing partnerships aimed at achieving sustainable forest management, including initiatives among Governments, organizations and other stakeholders, both within and beyond the forest sector;

(b) Providing a supportive environment for countries in order to help them achieve sustainable forest management;

(c) Getting a better understanding of the causes of deforestation and illegal activities and helping develop solutions based on this understanding.

5. Monitoring and assessing progress through reporting:

(a) Developing clear functions for monitoring and assessing progress that are designed to help countries to share experience and lessons learned, as well as providing a tool for assessing progress towards sustainable forest management;

(b) Providing capacity-building and an enabling environment for developing countries to further develop and improve their monitoring and assessment functions.

6. Strengthening political commitment:

(a) Providing a high-level United Nations body for continuous policy development, guidance and dialogue;

(b) Promoting wider understanding of the role of forests and their contribution to internationally agreed development goals;

(c) Promoting a coherent policy within each Government;

(d) Helping to develop the capacity of the forest community to address cross-sectoral issues effectively.

B. Setting goals and targets

37. A number of participants at the meeting of the Ad Hoc Expert Group and the Guadalajara meeting highlighted the potential benefits of agreeing on a global goal for forests that could provide a vision for the next 10 years. Based on the discussion at these meetings, the elements of such a global goal are suggested in the report of the Secretary-General on linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration (E/CN.18/2005/7). The fifth session of the Forum, and especially the high-level segment of the session, provides the international community with an opportunity to set a clear global goal for sustainable forest management. Ministers participating at the high-level segment may also wish to send a message to the High-level Plenary Meeting of the sixtieth session of the General Assembly about renewing the pledge to make progress towards sustainable forest management by reducing the rate of net deforestation, maintaining forest functions, restoring degraded and unmanaged forest landscapes, conserving natural forests and improving the livelihoods of poor people living in and around forests worldwide.

38. Achieving a global goal would require strong national commitment and actions on the ground. As already envisaged in the current plan of action, setting measurable targets at the national level could considerably facilitate the building of a stronger commitment to sustainable forest management and could also highlight the role of forests in contributing to the implementation of broader international development agenda. The setting of such targets would be the responsibility of individual countries.

39. It should also be noted that the Convention on Biological Diversity is in the process of developing goals and targets for its expanded programme of work on forest biological diversity, based on its Strategic Plan, in order to facilitate evaluation of progress in the implementation of its mission to achieve, by 2010, a significant reduction in the current rate of biodiversity loss at global, regional and national levels. The Ad Hoc Technical Expert Group on the Review of Implementation of the Programme of Work on Forest Biological Diversity is discussing the further development of targets in order to provide a flexible framework for national targets. It will present targets for forests to the Subsidiary Body on Scientific, Technical and Technological Advice, which will in turn present them to the eighth meeting of the Conference of the Parties to the Convention on Biological Diversity for inclusion in the programme of work of the Convention.

C. Emerging and critical issues for sustainable forest management

40. It is important that the international arrangement is flexible and can address emerging issues. Forests are deeply intertwined with other sectors of the society and their management requires an intersectoral approach that reflects broader developments in economic, social and environmental priorities, as well as new threats to sustainable forest management. The reports of the Secretary-General to the second, third and fourth sessions of the Forum noted a number of emerging issues that could be addressed by the international arrangement. The report of the Ad Hoc Expert Group[14] and the Guadalajara report also contain valuable recommendations for the future work of the international arrangement on forests. Such issues include:

(a) Contribution of forests to poverty eradication, including the role of forests in key development planning processes, such as poverty reduction strategy papers and linking aspects of sustainable forest management to the Millennium Development Goals;

(b) Social impact assessment for sustainable forest management;

(c) Supporting traditional rights of local communities;

(d) Decentralization and devolution of authority to local levels;

(e) Forest law enforcement, governance and conflict management;

(f) Illegal logging and associated trade in forest products;

(g) Perverse subsidies and their impact on deforestation and forest degradation;

(h) Forest fires, pests, diseases and abiotic factors affecting forests, including storm damage and the impact of climate change;

(i) Protecting and managing forests for water resources as well as for environmental and social non-market services;

(j) Targeted policy research and interdisciplinary research for decision-making;

(k) Trees outside forests as well as urban and peri-urban forests;

(l) Forest ethics and corporate responsibility;

(m) Spiritual values of forests and planning and management of sacred sites and indigenous territories.

The Forum may wish to consider how these emerging and critical issues could be addressed in the future programme of work of the international arrangement on forests.

D. Financing sustainable forest management

41. As noted in the report of the Secretary-General on the Review of the effectiveness of the international arrangement on forests, it is clear from the voluntary reports and responses to questionnaires that financing sustainable forest management is regarded by many countries as a critical issue for the future development of the international arrangement on forests. The above-mentioned report of the Ad Hoc Expert Group and the Guadalajara report also point out that it is essential to consider financing, including the sources of funding and funding mechanisms, as an indispensable element of developing the international arrangement. Financial mechanisms are needed to facilitate implementation of sustainable forest management, as well as financing the international arrangement itself.

42. Without adequate recognition of the full value of forests and their goods and services, additional external financing may be required to cover costs incurred by forestry operators adopting sustainable practices in order to create value for non-market benefits and to counteract perverse incentives. The lack of mechanisms to compensate forest owners for environmental and social non-market services

encourages unsustainable practices, hampers financing for sustainable forest management and contributes to deforestation. Instruments tackling market failures and offering incentives to provide watershed protection, recreation, carbon sequestration, among many other non-market benefits, contribute substantially to sustainable forest management. Since forest benefits are often of regional and sometimes truly global in nature, a more equal distribution of costs and benefits is an important issue to address.

43. The Ad Hoc Expert Group on Finance and Transfer of Environmentally Sound Technologies discussed important dimensions of financing, including the role and status of official development assistance (ODA) and the effectiveness of existing international financing. The conclusion of the Ad Hoc Expert Group, supported by the Guadalajara report, stressed the importance of mainstreaming sustainable forest management in national development strategies, including poverty reduction strategy papers, where they exist. It is also important to highlight the contribution of forests to other aspects of sustainable development, including the quality and well-being of the environment and a multitude of economic and social development issues. There is a need to explore ways to use available ODA for the forest sector more effectively in promoting sustainable forest management and building respective national capacities. The report of the Secretary-General on linkages between forests and the internationally agreed development goals, including those contained in the Millennium Declaration (E/CN.18/2005/7) provides further discussion on financing for sustainable forest management and through it the implementation of a wider development agenda.

44. The financial resources required for achieving sustainable forest management are often beyond the capacity of Governments, and there is an increasing need for private sector investment. Sources of private investment may be domestic or foreign. If sustainable forest management is to compete successfully for resources, strong domestic strategic decisions and policy measures are needed to create an attractive investment environment.

45. Elaborating further on the proposals from previous meetings, the Guadalajara report presents a suggestion that a global forest fund be established to assist developing countries and countries with economies in transition in their efforts towards sustainable forest management. Such a mechanism could have a significant impact on the effective implementation of decisions taken by the international arrangement on forests. Guidelines could be developed to ensure that these financial resources are used well and that the need for good governance is recognized. It was also noted that international funding for sustainable forest management should be on a medium and long-term basis, beyond traditional project cycles. The international arrangement on forests could also provide access to new funding mechanisms, including more explicit recognition and direct access to funds such as the Global Environment Facility (GEF). It has been also noted that an informed decision on how best to fund the international arrangement on forests itself needs to be taken in the light of decisions on developing the international arrangement.

IV. Developing the international arrangement on forests

A. Future options for the arrangement

46. While there has been widespread agreement, reflected in the report of the Ad Hoc Expert Group[14] and in the Guadalajara report, on the need for financing of sustainable forest management, there have been differing views about future options for the arrangement. The report of the Secretary-General on the review of the effectiveness of the international arrangement on forests (E/CN.18/2005/6) concludes that the current arrangement should be strengthened, but it also refers to the differing views about achieving this. The report of the Ad Hoc Expert Group meeting presents a broad range of options for a future international arrangement on forests, with several sub-options. The Guadalajara report further elaborates critical elements, focusing in particular on institutional modalities and financial mechanisms. While reaffirming and refining many of the observations of the Ad Hoc Expert Group, the Guadalajara meeting narrowed down the range of options, and also recognized that the options are not necessarily mutually exclusive. The main options share many features and there is no strong borderline between them. In practice, the options could also form consecutive steps in a progressive development of the international arrangement on forests.

47. The institutional framework of the international arrangement on forests, the method of work and its institutional modalities will greatly determine the effectiveness of future actions. To that end, the Ad Hoc Expert Group identified seven broad options for the future of the international arrangement on forests:[15]

(a) A stronger international arrangement on forests with greater political support, a clearer mandate, strengthened financing and a strengthened secretariat;

(b) A collaborative framework on forests with a declaration of commitment on sustainable forest management, means of implementation, a strengthened reporting mechanism and a stronger secretariat and the Collaborative Partnership on Forests;

(c) A political, scientific and cooperative intergovernmental body with the main purpose of financing sustainable forest management projects, consisting of a political committee, a scientific committee, a financial and cooperation committee, and regional consultation meetings;

(d) Voluntary guidelines based on the Rio Forest Principles[3] to support the implementation of the IPF/IFF proposals for action on the ground;

(e) A two-tiered approach, whereby a programme of regional and/or thematic meetings would provide input to global meetings;

(f) A framework convention with thematic and regional protocols;

(g) A protocol under either the Convention on Biological Diversity or the United Nations Framework Convention on Climate Change.

The Guadalajara report provides an evaluation of four options for the international arrangement on forests:

(h) Discontinue the current international arrangement on forests;

(i) A non-legally binding instrument such as an enriched and stronger version of the current international arrangement on forests;

(j) A legally binding instrument such as a framework convention, with provisions for subsequent protocols;

(k) A legally binding instrument such as a stand alone convention.

Taking into account the report of the Secretary-General on the review of the effectiveness of the international arrangement, as well as the preferences expressed in the report of the Ad Hoc Expert Group and in the Guadalajara report, the options discussed could be further combined and reduced to two principal options, considered below:

- Strengthening the international arrangement on forests;
- Developing a legal framework.

B. Strengthening the international arrangement on forests

48. Strengthening of the international arrangement on forests is needed to introduce new vigour to the international dialogue on sustainable forest management. The new focus on issues of pivotal international concern can be built on the suggested priorities in paragraph 36 above and on emerging and critical issues for sustainable forest management such as those identified in paragraph 40 above. The prerequisite is strengthened political commitment, without it progress would not be possible. To that end, the strengthening of the international arrangement on forests could be built on the positive elements of the catalysts and address the obstacles identified in section II above. In particular, through strengthened financing for sustainable forest management, the arrangement could help ensure that there is an effective enabling environment, which would also help strengthen its catalytic role.

49. The report of the Ad Hoc Expert Group and the Guadalajara report point out that such strengthening of the international arrangement would not preclude further development towards a legal framework, if that was the wish of member States. They also make a number of other suggestions for strengthening, including an enhanced role for the Collaborative Partnership on Forests, linking the arrangement to FAO and the United Nations Environment Programme (UNEP) (and relocating the secretariat), extending the Bureau by including representatives of regional processes and allowing participation from the secretariat of the regional processes on forests in the work of the Collaborative Partnership on Forests. It was also suggested that there could be a two-tier approach whereby a programme of regional and/or thematic meetings would provide input to global meetings.

50. As reflected in the Guadalajara report, concerns were raised about whether a strengthened international arrangement would be able to increase the political visibility of the forest sector so that it is no longer a low profile issue on the international agenda. It was also mentioned that strengthening the arrangement may be a challenging task as the current arrangement seems to have all the necessary political authority already.

51. Based on the proposals in the report of the Ad Hoc Expert Group and the Guadalajara report, concrete actions to strengthen the international arrangement could include:

(a) Building a strong financial element as part of the new multi-year programme of work. This could include a global forest fund oriented to promote programmes to address linkages between sustainable forest management and broader development agenda, particularly poverty alleviation and environmental sustainability. It could also provide the means for capacity-building and transfer of environmentally sound technologies for sustainable forest management;

(b) Complementing the existing mandate and principal functions of the international arrangement on forests by identifying and addressing priorities, emerging and critical issues and catalysts and obstacles for sustainable forest management;

(c) Adopting a global goal for forests that could provide a vision for the next 10 years, supported by voluntary measurable targets at the national level that could facilitate the building of a stronger commitment to sustainable forest management and highlight the role of forests in contributing to the implementation of broader international development agenda;

(d) Developing voluntary guidelines relating to sustainable forest management and its implementation, based on the Rio Principles, the IPF/IFF proposals for action and the decisions of the Forum. These could provide an articulation of the concept of sustainable forest management and help promote wider understanding of its importance. They could also underpin national forest programmes, criteria and indicators and the issues related to governance and law enforcement;

(e) Improving the methods of work, with particular emphasis on the policy formulation/policy guidance review cycle. This should be supported by enhanced cooperation and programme and policy coordination, including a scheme for integrated regional and cross-sectoral collaboration, with the aim of improving coordination and implementation of sustainable forest management on the ground.

52. In order to implement the above concrete actions the international arrangement might adopt a longer-term programme of work with cycles and periodic reviews at the end of each cycle. The high-level segments could be convened to review the progress made and to establish the detailed plan of action for the next cycle. Each session could focus on a limited number of critical or priority issues. Sessions within the cycle could be convened in the premises of a suitable intergovernmental organization or regional commission. For the preparatory work of these topical issues, such as developing guidelines, an ad hoc expert group, a scientific panel or a task force of the Collaborative Partnership on Forests could be established. The Forum may also wish to convene an organizational meeting to elaborate on a programme of work and other working modalities.

C. Developing a legal framework

53. The report of the Ad Hoc Expert Group and the Guadalajara meeting also considered the option of developing a legally binding instrument. The reports point out that a legal instrument and a non-legally binding approach would be very similar

in terms of objectives, goals and principal targets and also note that a legally binding instrument would strengthen the political commitment to sustainable forest management and give forest issues high political visibility. Such a framework would also ensure that the objectives of global forest policy are internalized by those member States that ratify the convention, with commitments into agreed targets, improved coordination on the national level through translating commitments to integrated national policies and budgetary allocations. It was also considered that this improved national coordination would lead to greater coherence within governing bodies of the members of the Collaborative Partnership on Forests, leading to improved international coordination and more efficient use of means and resources at all levels. A legal framework would give forest-related issues the same status as other issues covered by multilateral environmental agreements, which would also help secure more efficient coordination.

54. Concerns have been expressed, however, that negotiations over a legally binding instrument could absorb resources and energy that would be better employed in facilitating the implementation of actions that are already agreed upon and promoting collaboration on the ground. The diversity of national circumstances could also make it difficult to develop a strong global legal instrument. There is also concern that countries might face new obligations without having the additional financial means to fulfil those obligations. Another issue would be the need to define the relationship between this instrument and existing legally binding instruments that already deal with certain forest-related matters, such as biological diversity and carbon sequestration. This is why it has been regarded as important to examine all implications before committing to a new legally binding instrument. Another reservation has been that some countries may be reluctant to participate in the process of negotiating and/or ratifying a legally binding instrument, and so it would not have global coverage.

55. It has been suggested that a number of the features of a strengthened international arrangement on forests would apply equally to a legal framework, particularly in generating a strong signal that forest-related issues are a matter of priority for the international community. Either option should provide a basis for addressing all forest-related issues in a holistic, balanced and comprehensive manner while focusing on core issues. A legal framework could reinforce existing forest-related obligations in other instruments and address problems associated with the current fragmented approach to forests. A legal framework could also contain a combination of legally binding and non-binding elements.

V. Conclusions

56. **While the implementation of the plan of action and the multi-year plan of work have contributed, along with other activities at the global, regional and national level, to promoting sustainable forest management throughout the world, the high rate of deforestation and forest degradation remain serious challenges. There is a need to raise the profile of forest-related issues on the international agenda, making clear links between sustainable forest management and the socio-economic development of countries and forest-dependent people. Inadequate financial resources and lack of capacity at the national and local levels continue to constrain implementation, particularly in developing countries and countries with economies in transition. The report of**

the Secretary-General on the review of effectiveness of the international arrangement on forests concluded that there is a need to strengthen the arrangement in order to fulfil its mandate effectively. Many participants at the meeting of the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework in All Types of Forests, held in September 2004, and the Guadalajara meeting also advocated a stronger international arrangement on forests.

57. Future actions of the international arrangement on forests should promote the contribution of the management, conservation and sustainable development of all types of forests to the achievement of internationally agreed development goals, including those contained in the Millennium Declaration. The present report suggests priorities for future action and emerging and critical issues. It also puts forward the suggestion that a global goal on sustainable forest management would help raise the profile of forests and provide a framework for national targets. In addition, notwithstanding any decision on possible routes for developing the international arrangement, there is a need for adequate financing to provide the means of implementation.

58. This report puts forward proposals for financing of sustainable forest management and pursues a variety of approaches, including consideration of a global forest fund, extending the scope for sustainable forest management to benefit from existing mechanisms, such as GEF, and ensuring that forest-related activities are orientated so that they contribute to wider political objectives, such as achieving internationally agreed development goals that have donor priority.

59. Finally, the report discusses the further development of the international arrangement on forests, in the light of the outcome of the meeting of the Ad Hoc Expert Group and the Guadalajara report.

VI. Points for discussion

60. In order for the United Nations Forum on Forests to carry out its full mandate, as set out by the Economic and Social Council in its resolution 2000/35, the Forum may wish to consider this report concurrently with the reports of the Secretary-General on review of the effectiveness of the international arrangement on forests (E/CN.18/2005/6) and on consideration with a view to recommending parameters of a mandate for developing a legal framework for all types of forests (E/CN.18/2005/9). Bearing this in mind, the Forum may wish to:

(a) Consider, and take stock of the review of progress, including catalysts and obstacles, presented in the present report;

(b) Examine the objectives, principal functions and priorities of the international arrangement on forests, considering the basis for future action and the need to provide flexibility to address emerging issues;

(c) Consider establishing a global goal for sustainable forest management, with a view to agreeing that such a goal might be incorporated into a ministerial declaration and a message from ministers responsible for

forests to the High-level Plenary Meeting of the sixtieth session of the General Assembly;

(d) Consider taking forward productive dialogue and action on financing of sustainable forest management;

(e) Consider the way forward on developing the international arrangement on forests, including the necessary institutional and financial modalities.

Notes

[1] See *Official Records of the Economic and Social Council, 2001, Supplement No. 22*, (E/2001/42/Rev.1), part two, chap. I.B.

[2] Resolution 2000/35, para. 17.

[3] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *resolutions adopted by the Conference*, resolution 1, annex III.

[4] Ibid., annex II.

[5] See *Official Records of the Economic and Social Council, 2004, Supplement No. 22* (E/2004/42), chap. I.B, resolution 4/3, para. 6.

[6] See World Bank, *Sustaining Forests: A Development Strategy*, Washington, D.C., 2004.

[7] A/CONF.199/PC/8.

[8] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002*, (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[9] On the basis of E/CN.18/AC.3/2004/3.

[10] General Assembly resolution 55/2, para. 23.

[11] Further information on global and regional cooperation frameworks and partnerships, is provided in the note by the Secretary-General on enhanced cooperation and policy and programme coordination (E/CN.18/2005/5).

[12] See E/CN.18/2004/5; a follow-up analysis with additional recommendations is also contained in the report of the Global Workshop on Transfer of Environmentally Sound Technologies and Capacity-Building for Sustainable Forest Management, held in Brazzaville from 24 to 27 February 2004.

[13] Co-sponsored by the Governments of Austria, Canada, Finland, France, Germany, Luxembourg, Netherlands, New Zealand, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Mexico, as well as FAO and the International Tropical Timber Organization.

[14] E/CN.18/2005/2.

[15] Ibid., paras. 48-52, 61 and 62.

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On the basis of the assessment referred to in paragraph 2 (e) of Economic and Social Council resolution 2000/35, consideration of the parameters of a mandate for developing a legal framework on all types of forests, with a view to recommending them to the Council and through it to the General Assembly

Consideration of the parameters of a mandate for developing a legal framework on all types of forests, with a view to recommending them to the Economic and Social Council and through it to the General Assembly

Note by the Secretary-General**

Summary

The Economic and Social Council, in its resolution 2000/35, decided that the United Nations Forum on Forests would, within five years, on the basis of an assessment, consider, with a view to recommending to the Economic and Social Council and through it to the General Assembly, the parameters of a mandate for developing a legal framework on all types of forests.

The objective of the present note is to facilitate deliberations and provide some background on this matter. The note does not imply any recommendation either about adopting a mandate or developing a legal framework, since such decisions are the prerogative of the member States.

* E/CN.18/2005/1.
** The delay in issuing the present note was due to extended consultations.

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I. Introduction

1. The Economic and Social Council, in its resolution 2000/35, established the international arrangement on forests with the United Nations Forum on Forests as a subsidiary body. In the same resolution (paragraph 3 (c) (i)), the Council decided that the Forum, inter alia, would within five years, on the basis of an assessment,[1] consider, with a view to recommending to the Economic and Social Council and through it to the General Assembly, the parameters of a mandate for developing a legal framework on all types of forests. The process could develop the financial provisions to implement any future agreed legal framework and could also consider recommendations made by expert groups on the establishment of mechanisms on finance, technology transfer and trade.

2. In the multi-year programme of work of the Forum on Forests for 2001-2005,[2] the above matter was scheduled for discussion at the fifth session of the Forum. It may be noted that two other agenda items of the fifth session are closely related to agenda item 6 and may be considered concurrently. The two items are agenda item 5, Review of the effectiveness of the international arrangement on forests as referred to in paragraph 17 of Economic and Social Council resolution 2000/35, (E/CN.18/2005/6), which also addresses the institutional framework of the Forum, including its position in the United Nations system, and agenda item 4, Review of progress and consideration of future actions (E/CN.18/2005/8).

3. On the recommendation of the Forum on Forests, the Economic and Social Council established the Ad Hoc Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests. During the deliberations on the establishment of the ad hoc expert group at the third and fourth sessions of the Forum, the member States framed the scope of the work of the group in order for it to focus on the future modalities of the international arrangement on forests. The Ad Hoc Expert Group met in September 2004 in New York.

4. The background document containing the compilation of country views prepared for the meeting of the Ad Hoc Expert Group and the report of the Ad Hoc Expert Group itself (E/CN.18/2005/2), contained detailed information and analysis of a range of legally binding and non-binding options. The report of the country-led initiative in support of the Forum on the future of the international arrangement on forests, held in January 2005 in Guadalajara, Mexico, "the Guadalajara report", analysed and explored different modalities for the future of the international arrangement on forests. These sources of information and their analyses were very useful in providing some parameters for the consideration by the Forum. The report of the ad hoc expert group and the Guadalajara report are presented separately to the Forum for its consideration at the fifth session.

5. In the report of the Secretary-General to the Forum on agenda item 4, "Review of progress and consideration of future actions" (E/CN.18/2005/8) it is suggested that the options discussed by those two meetings could be combined and reduced to two principal options: (a) strengthening the international arrangement on forests; and (b) developing a legal framework.

6. The objective of the present note is to facilitate deliberations on agenda item 6 by presenting background information on relevant international legal frameworks and specific issues relating to forests and suggesting possible terms of a mandate.

7. The reference to a "legal framework" in resolution 2000/35 implies that it would contain some legally binding elements. It would be for the negotiating parties to determine which aspects of the framework would take the form of legally binding rules and which elements might be contained in accompanying non-binding instruments. A mandate might indicate that the regime should have a minimal binding element and leave open the question as to what other elements would be adopted as binding rules or it might handle the matter in more detail. In either case the parties would work within the terms of the mandate to determine the extent to which the regime was legally binding.

8. The present note does not imply any recommendation either about adopting a mandate or developing a legal framework since such decisions are the prerogative of the member States.

II. International legal framework

9. An international legal framework on all types of forests, if agreed upon by States, would become a part of the body of rules that constitutes international law. International law provides legally binding rules for States in their interactions with each other, thus establishing norms and standards for the collective benefit of the international community, enhancing international cooperation and collaboration on resolving environmental and human problems and promoting peace and security.

10. Generally, such a legal framework would be expected to perform three basic functions under international law: legislative, administrative and adjudicative. The legislative function provides for the creation of legal principles and rules, which impose binding obligations that require States and other members of the international community to conform to certain norms of behaviour. The administrative function allocates tasks to various actors to ensure that the standards imposed by the principles and rules of international law are applied. The adjudicative function provides mechanisms for resolving disputes that have arisen or may arise between States in the context of the rights and obligations contained in the legal framework.

11. Specific international instruments (or agreements) usually contain an articulation of general principles followed by a more detailed programme of action to address specific problems under the purview of the instruments. Thus, a legal framework on all types of forests would need to establish a global vision, commitments and strategies to address challenges of unsustainable practices and call for specific action to be taken at the national level, such as the adoption of national regulatory standards and implementation strategies. Other common provisions invariably contained in such instruments include: duties of international cooperation, monitoring and reporting; research; exchange of information; appropriate dispute resolution processes; coordination among related agreements; and the establishment of institutional arrangements for the operation of the agreement, including the creation of an independent secretariat and rules governing meetings of the parties.

12. There is little doubt that an international legal framework on all types of forests would have to identify viable and flexible solutions to a number of complicated issues associated with international law in general and the specific characteristics of forests in particular. Developing and effectively implementing an

international legal framework on all types of forests would need to meet the challenge of reconciling the principle of territorial sovereignty with the cross-border nature of many forest-related problems. In this regard, a number of reports and background documents prepared for the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF) process and for the above-mentioned meeting of the Ad Hoc Expert Group in September 2004 provide comprehensive details. The report of the Secretary-General to the fourth session of the Intergovernmental Forum on Forests (E/CN.17/IFF/2000/4) succinctly identified the following overarching principles from the Rio Declaration on Environment and Development and the "Forest Principles",[3] to guide international forest policy deliberations to balance the territorial sovereignty issue and cross-border nature of most environmental problems:

(a) States have the sovereign right to utilize their resources to meet their national policy objectives;

(b) States have the right to economic development in accordance with their social, economic, environmental and political conditions;

(c) States have common but differentiated responsibilities regarding collective global interests and concerns related to forests;

(d) States have the responsibility to ensure that activities within their jurisdiction do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction;

(e) International cooperation should focus on building human and institutional capacity in developing countries to manage their forests sustainably.

III. Terms of a mandate for developing a legal framework on all types of forests

13. As stated above, a legal framework could include a set of legally binding commitments to be applied in conjunction with certain non-binding elements. The negotiating parties will have to determine which aspects of the framework would take the form of legally binding rules, for example in the form of a treaty or convention, and which elements might be contained in accompanying non-binding instruments.

14. It is possible to envisage a regime that combines a minimal set of binding legal elements, perhaps concerning overall objectives and principles and procedural matters such as reporting and information exchange, with a set of non-binding provisions on issues such as criteria and indicators, guidelines and code of conduct for sustainable forest management. On the other hand, it is also possible to imagine a regime with more extensive binding legal elements that address not only general principles but also specific requirements for action at the national level, such as drawing up national forest programmes and setting targets in relation to sustainable forest management, as well as action at the international level, including, for example, provision for technology transfer.

15. In the event that the Forum decides to proceed with the development of a legal framework on all types of forests, it may wish to consider, by way of an example,

the characteristics of a mandate to develop a legal framework on all types of forests as set out below.

16. As a starting point, a mandate needs to provide some clarification of the underlying rationale and purpose of the envisaged legal framework and point out the essential subject matter to be addressed. Accordingly, in the light of the basis upon which the United Nations Forum on Forests was established, it might be envisaged that the mandate would call upon the parties to address the management, conservation and sustainable development of all types of forests. The mandate might then set out some general guiding principles to assist the parties in their negotiations, for example by calling on them to ensure that the framework respects the sovereign rights of nation States, consistent with the requirements of international law, and promotes democratic values and human rights. It could also be specified that the framework would build upon the "Forest Principles", the provisions of chapter 11 of Agenda 21,[4] the IPF/IFF proposals for action and the work of the Forum and other relevant international, regional and national instruments or initiatives.

17. Further substantive matters might include the key issues that such a legal framework would address. Parties might consider it desirable to have a more or less detailed list of items, which could include, for example, a consideration of illegal harvesting and associated cross-border trade of forest products, the role of national forest programmes and criteria and indicators relating to sustainable forest management. The mandate might also address specific issues such as capacity-building, financial mechanisms, public participation and information exchange.

18. A mandate for developing a legal framework for all types of forests would also need to contain some procedural parameters relating, inter alia, to: the initiation of the negotiating process and participation of member States and other entities; organizational issues, such as the holding of negotiating sessions, the adoption of rules of procedure, funding, the setting up of a bureau, a secretariat and any necessary subsidiary bodies; and the reporting of the status of negotiations.

19. The terms of a mandate can be further defined by developing the principal elements that could be drawn from the existing General Assembly and Economic and Social Council resolutions and similar intergovernmental processes establishing intergovernmental negotiating processes (see the annex to the present note for possible elements of a mandate).

IV. Concluding remarks

20. The intention of the present note is to be of assistance to the United Nations Forum on Forests in addressing the matter addressed in Economic and Social Council resolution 2000/35, paragraph 3 (c) (i). The note does not imply any recommendation either on adopting a mandate or developing a legal framework on all types of forests, since such decisions are the prerogative of the member States.

Notes

[1] The assessment, as set out in paragraph 2 (c) of resolution 2000/35, was to: "Monitor and assess progress at the national, regional and global levels through reporting by Governments, as well as by regional and international organizations, institutions and instruments, and on this basis consider future actions needed".

[2] *Official Records of the Economic and Social Council, 2001, Supplement No. 22* (E/2001/42/Rev.1), part two, chap. I.B, resolution 1/1.

[3] The official title of the "Forest Principles" is Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests. Both the Rio Declaration and the "Forest Principles" were negotiated at the United Nations Conference on Environment and Development in 1992.

[4] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.

Annex

Possible elements of a mandate for developing a legal framework on all types of forests

1. Negotiation process

(a) Establishment of an intergovernmental negotiating process;

(b) Date and venue of an organizational session primarily to elect officials of the negotiation process and adopt rules of procedure;

(c) Dates and venues of the first and subsequent sessions of the negotiation process;

(d) Duration of each session;

(e) National and regional preparatory process: involving Governments, organizations and stakeholders;

(f) Clarify link between the negotiation process and other bodies.

2. Participation in negotiation process

(a) Membership to the negotiation process open to all States Members of the United Nations and member States of the specialized agencies;

(b) Provision for the participation of the intergovernmental organizations as observers;

(c) Provision for the participation of relevant major groups as observers.

3. Secretariat

(a) Authorize the secretariat of the United Nations Forum on Forests to act as the secretariat of the negotiation process or establish a separate ad hoc secretariat;

(b) Guidance on securing adequate human, financial and other resources for the secretariat of the negotiation process;

(c) The secretariat of the negotiation process would prepare draft rules of procedure for adoption at the organizational session of the negotiation process;

(d) The secretariat would provide support to any subsidiary body of the negotiation process.

4. Funding for the negotiation process

(a) Use of existing United Nations budgetary resources, without negatively affecting its programmed activities;

(b) Establish a special trust fund with voluntary contributions specifically for the duration of the negotiations in order to ensure participation by developing countries and countries with economies in transition;

(c) Invite Governments, regional economic integration organizations and other interested organizations to contribute to the special trust fund.

5. Subsidiary bodies and processes

(a) Convene an ad hoc working group of experts or establish a multidisciplinary panel of experts to assist the secretariat in assessing the substantive content of a legal framework on all types of forests;

(b) The group of experts or panel could conduct, inter alia, the following tasks:

(i) Presentation of an analysis of existing instruments and arrangements;

(ii) Development of different possible scenarios of legal framework on all types of forests with legally binding and non-binding instruments;

(iii) Presentation of legal, institutional and financial implications of the legal framework;

(iv) Presentation of the desired targets, goals and means to achieve those goals and targets;

(v) Recognition of clear linkages to other sectors as well as to the broader development goals, including those contained in the Millennium Declaration, and statement on how the legal framework can further enhance its contribution in achieving those goals;

(vi) Suggested modalities of international cooperation, national coordination and other collaborative actions;

(vii) Consideration of the role of stakeholders;

(viii) Provisions on framework for compliance and systematic monitoring, assessment and reporting;

(ix) Relationship with other international instruments, organizations and institutions in order to avoid duplications, contradictions and complications;

(x) Identify global norms and standards, which would also enhance complementarity and clarity in required actions by all parties/stakeholders;

(xi) Recommend the type of legal framework, with justifications;

(xii) Recommend means of implementation, in particular financial mechanisms at national and international levels, giving special attention to the limited capacity of least developed countries;

(c) The group of experts or panel could meet before the first session of the negotiating process and present its report to the process for its consideration. The process may use the report as a basis for negotiation of the legal framework.

6. Reporting of progress in negotiations

An appropriate reporting procedure on the progress of the negotiation process.

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Item 9 of the provisional agenda*
High-level ministerial segment and policy dialogue with heads of international organizations

Letter dated 15 October 2004 from the Permanent Representatives of Indonesia and Switzerland to the United Nations addressed to the Secretary-General

We have the honour to inform you that the international meeting on the theme "Decentralization, federal systems in forestry and national forest programmes" ("the Interlaken Workshop"), a country-led initiative in support of the United Nations Forum on Forests, which had been announced to you in a letter dated 5 March 2004 from the Permanent Representative of Switzerland to the United Nations and the Chargé d'affaires of Indonesia to the United Nations (E/CN.18/2004/15), was held in Interlaken, Switzerland, from 27 to 30 April 2004.

The objectives of the Interlaken Workshop were as follows:

- To analyse the implications of decentralization in key aspects of forest management for the development of national forest programmes (nfps) and to identify strategies that would allow such programmes to effectively address this issue.
- To share the experience of countries that had decentralized their forestry systems some time ago with countries currently undergoing rapid processes of decentralization, including the transitional aspects of decentralization.
- To derive the lessons learned from countries that had implemented decentralization for use, where appropriate, by other countries in the process of decentralization.
- To prepare reflections and proposals for the consideration of the United Nations Forum on Forests related to decentralization, federal/centralized systems of forestry, and their implications for nfps.

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A total of 160 experts from 51 countries and 32 participants from organizations ranging from local to international, and representing all geographical regions and a wide range of experience, participated in the Interlaken Workshop in their personal capacity.

The final report captures the highlights of the deliberations undertaken during the Interlaken Workshop. As the Interlaken Workshop had been held in the week preceding the fourth session of the Forum, only the unedited text of the report had been available at that session to facilitate the Forum's work on related issues. The draft final report was subsequently edited according to the rules of the United Nations. Please note, in particular, that the report has been kept within the word limit for reports to be translated into the official United Nations languages.

We should be grateful if the final report could be issued as a document of the fifth session of the Forum and also translated into the official United Nations languages.

(*Signed*) Rezlan Ishar **Jenie**
Ambassador
Permanent Mission of Indonesia to the United Nations

(*Signed*) Peter **Maurer**
Ambassador
Permanent Representative of Switzerland to the United Nations

Report of the Workshop co-organized by the Governments of Indonesia and Switzerland on decentralization, federal systems in forestry and national forest programmes ("the Interlaken Workshop")

(Interlaken, Switzerland, 27-30 April 2004)

Summary

An estimated 60 countries are currently engaged in processes towards decentralization of their forest sector and this trend is increasing. Countries undergoing decentralization have made uneven progress so far. They are at different stages, with diverse contexts, needs and stakeholders. Decentralization of the forest sector is not an end in itself but seen only as a tool to accomplish broad objectives pertaining to the conservation, management and sustainable development of all types of forests, as well as to achieving equitable distribution of benefits and the potential to enhance democracy and reduce poverty. These objectives are attained through decentralization of authority, responsibility, finances and accountability.

Decentralization is a complex and dynamic process that includes constant learning and experimentation. It needs to be phased in gradually and involves: building consensus through an open, transparent and inclusive process; participatory decision making; institutional, technical and human capacity building; provision of adequate financial resources and incentives for investment; tailoring objectives to local contexts and developing the flexibility to adapt to different situations and changing circumstances. Priority must be accorded to empowerment and capacity building of the local communities to effectively manage their natural resources. Decentralization should not simply transfer the burden of management but must have net positive benefits to local communities.

Successful decentralization involves a number of prerequisites including formulation of clear: enabling legal and policy frameworks and timely and wide distribution of this information; integration of the decentralization process into national forest programs; achievable objectives; clear allocation of roles, responsibilities, resources and accountability; and mechanisms for conflict resolution. Successful decentralization outcomes have been linked to secure tenure as well as secure fiscal, revenue and taxation powers; equitable access to forest resources; control over decision making, commercial rights and market access; sensitivity to cultural traditions and local knowledge and, where appropriate, recognition of ancestral rights of local communities.

As the forest sector intersects with many other policy areas, decentralization in other related policy areas can have significant impact on decentralization of the forest sector. Decentralization in the forest sector must take into account the experiential gains in other related sectors in the country. It is widely recognized that forests should be managed to optimize their local benefits and provide "higher level public goods." While centralized approaches to protected areas could target sites of national importance, the central authorities also need to provide adequate compensation for opportunity costs of such areas and determine the extent to which rights and access to high value areas can be decentralized. At the same time they also need to ensure that decentralization does not lead to fragmented and dysfunctional landscapes. The participants at the Interlaken Workshop identified a number of areas that require consideration by the United Nations Forum on Forests and the Collaborative Partnership on Forests.

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I. Introduction and Background

1. Decentralization of authority, responsibility, finances and accountability, in various forms, is occurring around the world.[1] An estimated 60 countries are now undergoing decentralization processes. As a major driving force of policy and economic change, this process has had significant impacts on most sectors in countries undergoing decentralization. The Interlaken Workshop on "Decentralization, Federal Systems in Forestry, and National Forest Programs" was organized to examine the impacts of decentralization on management, conservation and sustainable development of all types of forests and its contribution to the Millennium Development Goals. The Workshop explored the effect of the decentralization of forest sector processes on social, cultural, economic, and environmental conditions around the world. The workshop was held as a country-led initiative in support of UNFF.

2. Decentralization processes and the achievement of an appropriate balance between centralization and decentralization of forest-related decision-making and management are key to making progress toward sustainable forest management. Appropriate allocation of roles and responsibilities between central and local governments and the devolution of certain responsibilities to actors outside governments can contribute to equitable, efficient and sound forest management and conservation. On the other hand, inappropriate allocation of roles and responsibilities in forest management can result in negative impacts on people's livelihoods and contribute to deforestation and forest degradation.

3. There are clear linkages between decentralization processes and efforts of countries to achieve the goal of sustainable forest management as set out by the Rio Forest Principles and by actions agreed upon subsequently in the post-UNCED process under the Intergovernmental Panel on Forests, Intergovernmental Forum on Forests, and now the United Nations Forum on Forests (UNFF). These agreed actions address, among other things: enhancing broad participation in decision-making and management of forests by local peoples; facilitating fair and equitable sharing of the benefits from forests; reducing social costs and negative environmental impacts from unsustainable forest management; respecting customary and traditional rights of indigenous and local communities; maintaining and using traditional forest-related knowledge; attracting investment in sustainable forest management; and developing appropriate strategies for the protection of multiple functions and sustainable use of forests. The goal of the Workshop was to draw upon countries' experiences to understand better how sustainable forest management can be furthered by and can contribute to effective decentralization.

4. The Governments of Indonesia and Switzerland organized and co-hosted the Interlaken Workshop, as a country-led initiative in support of UNFF, from 27 to 30 April 2004, held in Interlaken, Switzerland. Technical support for the Workshop was provided by the Center for International Forestry Research (CIFOR) and Intercooperation (Switzerland); the Workshop was cosponsored by the Governments of Brazil, Canada, Ghana, Japan, the Russian Federation, Uganda, the United Kingdom, and the United States of America. In addition to CIFOR, technical support was also provided by other members of the Collaborative Partnership on Forests (CPF), including the Secretariat of the United Nations Forum on Forests, the Secretariat of the Convention on Biological Diversity, the Food and Agriculture Organization of the United Nations through the National Forest Program Facility, the World Bank through the Program on Forests (PROFOR), and the International

Tropical Timber Organization. WRI and WWF were also important partners in this endeavor. Logistical arrangements were made by Intercooperation.

5. The objectives of the Interlaken Workshop were as follows:

- To analyze the implications of decentralization in key aspects of forest management for the development of national forest programmes (nfps) and to identify strategies that would allow such programmes to effectively address this issue;
- To share the experience of countries that decentralized their forestry systems some time ago with countries currently undergoing rapid processes of decentralization, including the transitional aspects of decentralization;
- To derive the lessons learned from countries that have implemented decentralization for use, where appropriate, by other countries in the process of decentralization;
- To prepare reflections and proposals for the consideration of the United Nations Forum on Forests related to decentralization, federal/centralized systems of forestry, and their implications for nfps.

6. A total of 160 experts from 51 countries and 32 participants from local to international organizations, representing all geographic regions and a wide range of experience, participated in the Workshop in their personal capacity.[2]

7. This Final Report captures the highlights of the deliberations undertaken during the Interlaken Workshop.

II. Overview of Sessions

8. The Workshop included thematic, country, and community presentations, input from countries with economies in transition, as well as field trips. Highlights of the deliberations are presented below:[3]

Thematic Issues

9. The Workshop distinguished between democratic decentralization and administrative decentralization, agreeing that the former was more likely to lead to beneficial outcomes. Democratic decentralization is however rarely implemented; substantial decision-making power, resources and benefits from forests are still centralized; and those receiving new authority are often neither representative nor accountable. Decentralizations in the forest sector should begin by working *with* local people and by building on their institutions. Representative and accountable local governments may be the most appropriate interlocutors for this process.[4]

10. Local institutions must be representative, and powers must be securely transferred in order to achieve effective decentralization. Accountability of local institutions to local people, and "subsidiarity principles" that guide the choice and sequencing of power transfers are important in the decentralization process. This must be complemented by at least the minimum environmental standards. Well-structured decentralization of the forestry sector can foster local democracy and a

sense of citizenship. Well framed research and monitoring can help characterize the degree of decentralization and its consequences.[5]

11. Tailoring decentralization efforts to local contexts is a key element towards success. There are significant interrelationships among governance, bureaucracy, markets, media and information. Conflicts, confusion, and failure to achieve decentralization objectives have characterized many decentralization efforts.[6]

12. FAO has supported countries undergoing decentralization, by assisting in implementing institutional changes.[7]

13. Based on their recent decentralization initiatives, a study of eight countries with federal systems, namely Australia, Canada, Brazil, India, Malaysia, Russia, Nigeria, the USA, and in Indonesia, Bolivia and Nepal, found that the federal systems of government to be highly varied and complex, with authority and responsibility fragmented across many sectors and levels of government. Dynamic tension between various levels of government is a permanent feature of this type of political system.[8]

14. There has been a recent reversal in the long-standing tendency to place all protected areas under highly centralized management. There are potential gains as well as risks in this approach. Forests should be managed to optimize both their local benefits and "higher-level" public goods. Central authorities will have to determine the extent to which rights and access to high value areas can be decentralized. Recent developments in "close to nature" forest management provide a model for a decentralized system that can yield good biodiversity conservation, consistent with the ecosystem approach adopted by the Convention on Biodiversity.

Country Cases

15. The central focus of Indonesia's decentralization law was to provide better government services and to enhance people's well-being. This was further strengthened by the 1999 Forestry Act No. 41. Disagreements among different levels of government have contributed to uncontrolled logging and degradation of forestlands. Indonesia is now clarifying its forestry regulations and policies, harmonizing regulations among departments, and building shared perceptions among stakeholders through the national forest programme. A more gradual process towards decentralization is recommended.[9]

16. In Bolivia, there has been a shift in authority over forests from the central government to municipal governments, recognition of indigenous peoples' property rights and a reallocation of some public forest from central to municipal levels. While significant forest management functions have been granted to municipalities, the central government still retains some key responsibilities. Although decentralization has achieved contradictory outcomes, in many cases it has contributed to improved equity in access to forest resources, the distribution of economic benefits from these resources, and to sustainable forest management practices. The main challenges of decentralized forest management include building a process that is sufficiently flexible to adapt to different municipal situations and one that can enhance local democracy.[10]

17. In Scotland, there has been a transfer from state to local control. With the establishment of the Scottish Parliament in 1999, control of Scotland's forest estate passed to the Government of Scotland. Over 100 community woodland organizations have been established. A people's movement led to the passing of a Land Reform Act, which gave communities the right to acquire ownership of land, including woodlands. Local efforts to demand a large share of power have shaped the devolution process at the national level in Scotland.[11]

18. The United States started with a highly decentralized political and economic structure, but over the decades, has centralized portions of that structure. Forest ownership in the US is diverse; it includes extensive private forests, federally managed forests and public forests managed by state and local governments as well as forests owned by native Indian tribes.[12]

19. In Uganda, ten years after the initiation of the decentralization process, the continuing friction between the central government Forestry Department and local governments is attributed to unclear division of responsibility regarding forests and to the lack of resources available to local governments for forest management. Forests have deteriorated, due to illegal harvesting and encroachment for agriculture and settlement.[13]

20. Ghana has a long history of decentralization and re-centralization. The current trend is toward decentralization. A central feature of the renewed decentralization initiative is the District Assemblies that are now seen as the local agent of change rather than the government. However, this formal decentralization process has not worked seamlessly. Central government has been reluctant to decentralize revenue-generating sectors such as forests and mining, and the involvement of NGOs and civil society remains weak. For the decentralization process to have the desired effect, the government must accord priority to empowerment and capacity building of the local communities to effectively manage their natural resources.[14]

21. While acknowledging that decentralization has brought real benefits in Nepal, a number of problems still remain. The temporary abolition of elected village, district, and national level governments in 2002, and the political insurgency from the Maoist movement, have affected the sustainability and profitability of Community Forestry. There is a need to improve benefits to communities and the national economy as a whole, which is based on downward accountability. Two key constraints include the restrictions on harvesting and the marketing of forest products.[15]

Community Panel

22. The Community Panel at the Workshop was designed to examine decentralization from the perspective of local communities. Some overarching conclusions[16] were drawn. With regard to community land and forest rights, forest management should be devolved to community control; community land and forest ownership should be legalized; criteria and indicators for certification should be strengthened; and markets should be designed that recognize local rights. Several policy barriers were identified, including the need to: simplify or remove harvest and transport rules; simplify forest management plans and certification; promote strategic partnerships; develop and enforce contract standards; and provide market and credit information. The main conditions for success of decentralization include secure tenure and secure fiscal, revenue and taxation power, as well as control over decision-making, resources, products and markets. Presentations from Guatemala, the Philippines, and Zimbabwe reflected global diversity and complemented the above-mentioned observations.

23. Four conclusions drawn from the decentralization experience in Mt. Kitanglad Natural Park in the Philippines include: i) park management can be implemented successfully by changing decision-making from national to local levels, and by emphasizing multi-sectoral participation; ii) decentralization, involving many stakeholders, promotes local empowerment; iii) decentralization involves devolution of decision making authority to a variety of stakeholders; and iv) there are no ready-made solutions to park management. Sensitivity and recognition of cultural traditions and local knowledge as well as flexibility to negotiate with various stakeholders are key considerations.[17]

24. In Guatemala, the State has traditionally ignored ancestral rights of local communities. However, these communities have struggled to maintain access and control in regions where forests form part of Guatemala's collective patrimony. There is significant knowledge and local institutional capabilities in forest management in these communities. For decentralization of the forest sector to fulfill its objectives to control deforestation and environmental degradation, it is necessary to establish a better balance of power between the State and other stakeholders, empowering local organizations and increasing capacity for local management regimes in communities and municipalities.[18]

25. In Zimbabwe, state-level and other external actors often define the shape, distribution, and extent of power in decentralization interventions. The state and other external actors have a tendency to retain meaningful power. Communities have found that decentralization, even if demand driven, is not a panacea for the problem of empowerment of local communities. Even when armed with a clear road map of how the communities can initiate decentralization processes at the local level, rural communities cannot go it alone. Communities still need assistance in one form or the other from the district level organizations and other external stakeholders from whom they are trying to emancipate themselves. District level organizations should be active facilitators of decentralization at the local level, while not hijacking the process from the locals. Decentralization can also result in a plethora of conflicts at the local level as new responsibilities and opportunities arise with the devolving of new powers to the community. Conflict resolution mechanisms should be put in place to resolve the conflicts as they arise.[19]

A Short Summary from the Side Event on Decentralization in Countries with Economies in Transition

26. A round table for CIS and Eastern European countries was organized as a side event to discuss decentralization in the context of countries in transition to market economy. The round table had 15 participants coming from Croatia, Kyrgyz Republic, Poland, Russia, Ukraine, Serbia and Montenegro and some donor countries including Switzerland and Finland. Although often classified as a group, the "countries in transition" are heterogeneous by history, economy, natural conditions and availability of forest resources, as well as in the degree of decentralization of their political and economic structure. But all the countries of the region have forest reform on their political and economic agenda. Decentralization is considered as an important tool to facilitate a shift from centrally planned management to a market economy.

27. Participants agreed that forest reform issues should be tackled in a broader cross-sectoral context, and that the success of the reform would be based on: political consensus; willingness of the national governments to cooperate with the regional and local authorities; clear and equitable division of responsibilities, financial resources and a clear system of accountability; legal

frameworks that reflect emerging trends and needs in reforming current forest stock ownership structure; and authority for forest uses, protection and renewal.

28. While some countries with economies in transition have already readjusted their legal frameworks to new economic conditions there is an increased interest from governmental officials, policy-makers, the public in general and practitioners in the forest sector of these countries in having better access to more information and knowledge related to sustainable forest management. It was noted that these countries have diverse ownership structures. Furthermore, there was wide recognition that central governments will have to continue to play strong and appropriate roles in forest management.

Highlights from Excursions

29. The four excursions were organized on the 28th of April by the Swiss Agency for the Environment, Forest and Landscape in cooperation with the Canton of Bern. They were meant to further common understanding about the key issues of the workshop and to facilitate communication among participants. The focus was on interfaces among government stakeholders at national, cantonal and community levels, and between public and private forest owners. Key issues that were examined and discussed included:

- the importance of capacities as well as decision-making power and accountability at the local level
- the strong guiding provisions at the federal and cantonal level and the subsidiarity principle
- the development of a cooperative federalism in which all three levels, namely, local, cantonal and federal have clear responsibilities
- the long time required to develop cooperative federalism
- the need to build institutional capacity from the national to the local levels which historically was strengthened by financial contributions to the salaries from the confederation to the cantonal forest services
- the principle of "coupled contributions" where financial burdens for providing certain environmental services are shared between all three levels
- the positive relations between local political decision-making and centralised technical guidance and funding
- the need of stable relationships between public and private forest owners and the forest service as a precondition to achieve long term goals
- the need of constantly finding a new equilibrium between the three levels of government as well as public and private forest owners, civil society, especially under the current pressure of globalisation and the related cross sectoral influences.

III. Major Themes

30. Six working groups were established to discuss critical areas relevant to the objectives of the Workshop. The output from the working groups is summarized below:

A. Allocation of Roles and Responsibilities and Coordination at Different Levels and Across Sectors

31. The effective implementation of forest sector decentralization may depend on a basic national consensus regarding decentralization in general. For decentralization in the forest sector, one can draw lessons from similar processes in other sectors such as health and education. Forest sector decentralization must also take into account other related sectors such as mining and agriculture and policy spheres such as wildlife and parks, which may not have been decentralized, beginning with dialogues and coordination at the highest possible level.

32. It is noted that central governments tend to be assigned control over protected areas, international trade, balance of inter-regional inequities, oversight of lower level governments, protection of the rights of disadvantaged groups, and research, but this may vary depending on national context.

33. Decentralization is a tool as well as a process. In the forest sector, decentralization is only one of the tools for sustainable development, not a goal itself. It aims to increase equity, efficiency, effectiveness and democracy as well as to improve forest management and sustainability, achieved through the sharing of benefits, experiences and responsibilities. It can be a tool to achieve policy and program objectives in a way that would better meet the needs of local peoples. It offers the prospect of enhanced social and economic development through diversification and expansion of opportunities for sustainable use of forest resources.

34. The transition to decentralization can be supported through the existence of national and sub-national forest policies, transparency, the presence of stable, democratic institutions, and broad-based agreements through transparent, stable and coherent committees or stakeholder processes. Decentralization could be implemented gradually and by sub-national region, permitting the development of a learning process and new capacities.

35. Recognizing that decentralization takes place in very different contexts, it is possible to formulate principles or guidelines as a reference for its implementation. These must be adapted by each country based on their own national reality:

- Establishment of a clear legal and policy framework with a clear allocation of roles, responsibilities and resources, as well as clarity and consistency regarding strategy and implementation.
- Decentralization of powers and responsibilities to districts and municipalities should not proceed arbitrarily but according to a clear set of rules and conditions.
- Decentralization requires accountability at all levels and corresponding multiple accountability mechanisms; elections alone are insufficient.
- Decentralization should recognize, work with and strengthen representative, democratic institutions at all levels.

- Decentralization in the forest sector should not be implemented in isolation from a general national forestry strategy such as national forest programs.
- Decentralized forest management should be based not only on controls but also incentives; rules that cannot be enforced should not be made.
- Decentralization and the implementation of nfps should include monitoring and evaluation with clear, specific variables and indicators.
- Rights and responsibilities must be accompanied by adequate resources and capacity building.
- Decentralization should be based on transparent horizontal and vertical information flows and dialogue, including across sectors.
- Decentralization should both benefit from as well as enhance social capital, increasing coordination and trust among different levels and sectors.
- Local peoples must have a voice, and decentralization should take into account livelihoods, ways of life and improving the economic well-being of these peoples, as well as address inequities such as those relating to gender. Efforts must be made to raise and include the voices of special groups such as women, youth and indigenous peoples.

B. Policy, Regulatory Frameworks and Equitable Benefit Sharing

36. The process, objectives and outcomes of decentralization vary greatly from place to place, and are highly context specific. The objectives and motivation of decentralization vary, but can include efficiency, local development, improved forest management, empowerment of local people, equity, and environmental security. However, two overarching goals for decentralization are: *sustainability* and equitable *self determination*.[20] Under appropriate conditions, these can be mutually reinforcing outcomes.

37. Minimum standards[21] set at appropriate levels (i.e., national or subnational) can promote sustainability and simultaneously maximize local management and use rights. For example, these standards may be effective to prevent conflict over upstream resource use with potentially negative downstream impacts; to assure public goods (i.e., by such means as watershed management); and to promote intersectoral cooperation and inter-jurisdictional equity. Such intervention may also address compensation to local populations when resources are used for other purposes, such as a national park.

38. Collective self determination requires bodies that are representative of and are accountable to local populations who hold significant functions and powers and promote equitable distribution of benefits. Such powers should include, for example, management and use rights, commercial rights, market access, the right to revenue generation as well as fee collection and intellectual property rights.

39. Decentralization should not simply transfer the burdens of management, but have a net positive benefit to motivate local engagement. In cases where the costs of management from imposed responsibilities outweigh benefits to local people, they should remain the responsibility of higher levels of government. Imposed responsibilities must be accompanied by adequate financial means.

40. Security of resource access and the stability or predictability of the legal environment are essential to successful decentralization. This security may be more important than ownership title or whether the resource is owned by the collective or the state. In some situations, collective local control or title can be more secure than titles held by individuals.

41. Decentralization is strengthened when driven by demand from lower levels and achieved through a process based on public debate and inclusive policy making. Such a process must include measures for capacity and institutional strengthening at all levels, local empowerment and mechanisms for conflict resolution. A flexible and open process of learning by doing and willingness to try innovative policies and approaches is important. Externally driven or top-down decentralization must take place at an appropriate pace, and in conjunction with adequate capacity and institution building. However, limited capacity should not be a criterion for retaining central control over forest resources. Capacity building should be simultaneously accompanied with power transfer. Policies to promote an enabling environment for decentralization are essential in this context.

C. Participation, Conflict and Multi-Stakeholder Processes

42. Standardized solutions are considered impossible to address the diversity that exists in the world's forests and among the people who depend on them. Accordingly, the changing nature of forest and human systems requires an iterative, adaptive approach to the decentralization process. Different stakeholders, different mechanisms, and different goals are important in different situations and require careful analysis before interventions are made.

43. One recurrent source of serious conflicts is access to resources. Solutions to these problems are participatory decisionmaking, including inclusive land use planning; widespread availability of information, and implementation of land use and planning policies, as well as fostering cross-sectoral coordination and collective action. In addition there is a need to establish a functioning cadastral system. Inequitable sharing of benefits is another common cause of conflicts. Resolution and avoidance of such conflicts requires: the definition of fair principles of distribution; facilities for arbitration and negotiation; increasing awareness about these issues at the community level; and consistent and coherent policies and legislation developed at higher levels of government. In order to minimize conflicts, there is a need to build consensus among stakeholders.

44. There is a need for enabling legislation on multi-stakeholder processes that sets umbrella goals, leaving the specific implementation to lower levels. This gives maximum flexibility to local people to structure systems that fit their conditions. Such legislation should clearly define roles and responsibilities of the various stakeholders, and strengthen links between communities and the various levels of government. It should also include adequate funding mechanisms. The empowerment of communities in interaction with government and other stakeholders must be an important goal.

45. Capacity building is needed on all levels, from community to national level policymakers. Whereas the community focus should be on access to information, self-monitoring, facilitation, and collective action, policymakers need greater flexibility, adaptiveness, and respect for the knowledge and potential of the populace. There is also a need for education of youth in decentralization.

46. Mechanisms to reduce "elite capture" include: strengthening participation of marginalized groups (e.g., by devolving local level decision making to neighbourhoods or institutionalizing advocacy); developing policies that strengthen checks and balances; bringing equity and decision-making issues into public discussion and establishing related self-monitoring systems; the development of stakeholder groups and networks; and quota systems for disadvantaged groups, particularly at decision making levels.

47. Based on these reflections the following actions are suggested:

- Develop or clarify land use and forest policies, with the involvement of all stakeholders, particularly those at the local level.
- Communicate new legislation and policies as soon and as widely as possible, in language understandable by all. Increase transparency and accountability through better information, information sharing and training.
- Strengthen local capacity for negotiation, monitoring and evaluation. Develop and make available extension programs through university or other appropriate venues to assure effective capacity building at all levels.
- Take into account the diversity of conditions in developing solutions.
- Analyze and address structural inequities that: reduce local people's access to resources and voice in forest management; and reduce the risks for local people in dealing with more powerful actors.
- Approach decentralization as an iterative process, in which one can learn from successes and failures, as well as fine-tune and adapt plans over time.
- Develop and promote silvicultural practices and systems that favour multiple product production to meet specific needs.

D. Financial Incentives, Promoting Investment and Private Sector Partnership

48. The economic costs and benefits of decentralization are not well quantified. However, they are likely to differ in forest-rich and forest-poor countries.

49. Regardless of the underlying motivation for decentralization, decentralization processes must be financially sound to be sustainable over the long term. Governments should carefully evaluate direct and opportunity costs, as well as projected benefits, before entering negotiations on the process. Creating and maintaining a favourable climate for investment is essential. Secure land and resource tenure and a stable political environment are important. Among the measures that are required to improve the investment climate are, *inter alia*: providing adequate opportunities for negotiation and consultation to gain support for decentralization among all interested parties and then negotiated agreement between all parties on the terms, processes and phrasing; clarifying the roles and responsibilities of the different actors at different levels of government; removing financial disincentives; avoiding excessive fragmentation and developing instruments for re-aggregation, respectively; providing incentives for investment, including new sources of finances for payment for environmental services; and minimizing risk.

50. To promote the process of decentralization in a financially sound manner and to enhance the investment climate, governments should, *inter alia*, facilitate access to credit, especially for small and medium scale investments; provide grants for forest management on a competitive basis; reduce barriers to entry; facilitate access to markets; and encourage foreign investment. In some cases, guarantee arrangements providing for specific financial underwriting of risks from policy or institutional change may be necessary, and may need to be written with all levels of government involved. The choice of measures shall be well adapted, taking into account the specific initial situation and conditions within a country.

51. The transition process must be managed carefully to maintain a favourable investment climate and to safeguard the values of forest goods and services. The transition to decentralized decision-making and management of forests is likely to be costly, and the payoffs may not materialize immediately. This requires that governments make adequate provisions to finance the transition. This should include clear indications on the budget allocation to the local governments to be made by the central government in order to facilitate the execution of the transferred responsibilities. During the transition phase, central government funds are needed for a number of areas including: strengthening capacity: providing guidance to local government; monitoring and evaluation activities; and for regulation. Securing external financial assistance may be necessary.

52. This working group:

1. Invites CPF members to:

   a. Assess the costs and benefits of decentralization, the effectiveness of financial measures taken to facilitate the processes, and the economic outcomes of two or three country cases studies.

   b. Develop a diagnostic tool to assist concerned stakeholders in countries assess, plan and manage forest sector decentralization. This tool would indicate the range of institutional, financial, economic and social issues that need to be addressed and conditions central to the building up of a negotiated consensus or agreement on forest sector decentralization.

   c. Make these findings available to countries in a timely fashion.

2. Recommends that countries debate on the form and pace of decentralization as a central part of strategy formulation within nfp processes.

E. Capacity Building, Technical Skills and Information

53. Capacity building is a process of empowerment that operates at different scales—local and national governments, groups and associations, and individuals—and through a wide variety of means, it is a crucial element of successful decentralization.

54. Decentralization is a process of transferring power (authority, competencies, responsibility and resources) from a centralized source to local government units, local communities and stakeholders with the intention of enabling them to envision, plan and implement actions in forest management relevant to generating and sharing benefits from forests.

55. Countries are at very different stages of decentralization and within these countries the contexts and stakeholders are likely to be very diverse. Consequently needs for capacity building, technical skills and information sharing are likely to be quite varied. Effective capacity building, resources, and commitment will be necessary at both national and local levels.

- It is clear that capacity building operates as a catalyst of change at the level of political institutions and organizations as well as individuals. In the case of organizations, capacity building should aim to encourage cultures that are more sensitive to and supportive of decentralization. In the case of individuals, it should focus more on skills, attitudes, and building on existing knowledge and cultures. Importantly, it should also seek to promote a balance between rights and responsibilities as well as resourcing and financial commitments of the participating stakeholders.
- Education is a key element but on its own, it does not constitute capacity building. There is a need for a 'political will', which is an emergent property of the interaction of several types of capacities of individuals, organizations and networks. In this context,, evolving constitutional, legal, institutional and political frameworks for decision making are critical to the success of capacity building.
- Notwithstanding the diversity of actors, contexts and needs, the greatest support is likely to be needed by:
    - Local government units;
    - Local communities, communes and user groups;
    - NGOs and extension agents involved in facilitating and educating on processes of decentralization;
    - Central governments as they learn to open up space for empowered partnerships by stakeholders;
    - Parliamentarians, forest owners, associations, and industry; and
    - Universities and training institutions as they reform curricula and methods to take into account lessons from decentralization and new approaches such as community forestry, ecosystem management, process facilitation, etc.
- These groups would require support in the following areas:
    - Articulation of their interests, mandates and responsibilities etc. to effectively participate as citizens in democratic processes;
    - Planning and envisioning;
    - Implementation, coordination and networking; especially across domains and competencies;
    - Negotiation and conflict management;
    - Monitoring, reflection and adaptation of plans;
    - Financial management and accounting especially with respect to benefit sharing;
    - Management of participatory processes; and
    - Ability to listen, diagnose, learn, decide and act in groups.

F. Maintaining Ecosystem Functions, Sustaining Forest Productivity, and Appropriate Application of Knowledge and Technology

56. The values and benefits of forests accrue at different scales. Many values are important for local communities and tend to be favoured under decentralized systems. Other values, notably biodiversity, hydrological and climate regulation functions are public goods that benefit entire nations and the global community. Special measures are needed to ensure that those values, that are predominantly national and global, are maintained in decentralised systems. Regulations and incentives are the commonest means of achieving this.

57. Much knowledge of forest ecology, especially biodiversity, exists amongst peoples who live in and around forests. The cultures of these societies are often linked to natural processes in their environment. Management must draw upon this local knowledge and decentralized systems are well adapted to do this. The existence of local knowledge and links with local cultures mean that decentralized systems are often better adapted to local conditions and are more resilient in the face of changing external conditions.

58. There are limitations of decentralization with respect to formal protected areas. However, conflict can be reduced if the role of protected areas in the landscape becomes the focus of national conservation strategies rather than simply increasing the number of protected areas. In addition, measures are needed to ensure that decentralization does not lead to fragmented and dysfunctional landscapes. Central institutions will often need to play a role in providing a spatial context for local actions and in setting the limits within which decentralized managers operate.

59. In order to exploit the potential environmental benefits of decentralized systems and guard against the potential negative impacts, the following principles should be observed:

- Whenever possible traditional communal forest management systems, which provide multiple functions, should provide the basis for decentralization. Such systems are likely to be effective in meeting local needs, better adapted to local conditions and resilient to external influences.
- Markets need to be developed for environmental services (particularly water protection, climate change and biodiversity), based on secure property rights in order to provide the revenue support for the provision of those services and as a more equitable way for society to exert influence over which national and global values are delivered.
- Centralised approaches to protected areas should target sites of national importance and any local opportunity costs of such areas should be compensated in an adequate way. Additional ecological values should be conserved at a landscape level through decentralized multifunctional management systems.
- Central institutions should use participatory approaches in establishing the limits within which decentralised systems operate. They will need to provide the spatial planning context, define the permanent forest estate and otherwise support regulatory and incentive frameworks.
- Economies of scale tend to favour uniform approaches in large-scale centralised schemes for the restoration of degraded lands. With the right framework of incentives and property

rights, decentralised systems will often favour more biologically diverse and locally adapted approaches to restoration.

IV. Conclusions and Reflections

60. In the forest sector, decentralization should be seen as a means to accomplish the broad objectives of poverty alleviation, sustainable economic development, and protection of local and global environmental values. Under the right circumstances, decentralization enhances efficiency, equity and participation in forest management and conservation. To date, uneven success has been achieved with decentralization in the forest sector. The Workshop participants noted that decentralization initiatives in the forestry sector would need to recognize that:

- Decentralization is a complex and dynamic process that evolves over time, adjusting and adapting to changing contexts; it should be based on thorough understanding of the specific political, institutional, social, cultural and economic conditions of each country;
- There is significant evidence that a form of decentralization that truly empowers local communities or even local governments has not yet occurred in many countries;
- As the forest sector intersects with many domains of development and sectors of economy, decentralization in other related policy areas can have significant influence. Conversely, decentralization in the forest sector may give the local community a lever with which to address their interests in other areas;
- It is critical to reach consensus through a consultative multi-stakeholder process among various interest groups resulting in a clear understanding of roles, responsibilities, authority, and accountability at various levels;
- Decentralization should be based on, as well as enhance, information flows, transparency and accountability at all levels;
- Appropriate political conditions and provision of financial and technical resources are essential;
- It is not essential to devolve all functions of the forest sector at the same time; decentralization may be accomplished in gradual, sequential phases in a mutually agreed and equitable manner at all levels;
- Decentralization can produce sustainable environmental benefits under the right circumstances, but it can also lead to significant environmental problems;
- Gender considerations, education of youth and children, particularly the girl child, and other equity concerns should be given more attention;
- There is a need to approach decentralization from an adaptive perspective, monitoring, learning from experience, and revising plans accordingly;
- There is a difference of opinion about the inclusion of transfers of power to the private sector in "decentralization;" and

- Countries, CPF members, regional organizations and other organizations and instruments provide opportunities through workshops, partnerships and programmes to share information and experiences on decentralization.

V. Recommendations for the Consideration of UNFF

61. The participants of the workshop identified the following areas that require further consideration by UNFF:

- Develop a common understanding of the relevant concepts, terms and definitions to facilitate future dialogue on decentralization in the forest sector;
- Promote dissemination of appropriate information to enhance the understanding of various aspects of decentralization in the forestry sector;
- Formulate appropriate approaches to maintain protected areas while enabling traditional use by the indigenous/local people and forest dwellers;
- Develop principles of subsidiarity—that is devolving power, authority and resources to the lowest appropriate level—for forest management and use;
- Develop principles to guide institutional choice for equitable representation;
- Further promote the valuation of forest environmental services and encourage fair compensation for these services, including through market mechanisms;
- Work to ensure at national and sub-national levels that decentralization is pursued within the context of the broader national landscapes, by way of continuous cross-sectoral information sharing, dialogue and partnership;
- Analyze the implications of decentralization in key aspects of forest management for the development of national forest programmes (nfp) and to identify strategies that would allow such programmes to effectively address this issue;
- NFP Facility and PROFOR assist countries undergoing decentralization to integrate the process into their national forest programmes (at national or sub-national levels), for example, by developing appropriate guidelines, so as to develop conducive policies and legislation and to facilitate the necessary negotiation processes;
- Strengthen the human and institutional capacity of all stakeholders, particularly at the local level, using a range of methods for sharing knowledge, including partnership among various stakeholders;
- Promote partnership among various stakeholders and sectors, including S-S, N-N, N-S, and S-N-S cooperation for institutional and human capacity building; and
- Promote the involvement of NGOs and other major groups as strong partners in planning monitoring and implementation activities related to decentralization at all levels.

62. The Interlaken Workshop on decentralization of the forest sector considered various concepts, definitions and terms currently employed in the implementation of this activity. The Workshop provided an opportunity to share experiences with decentralization of the forest sector involving a wide range of conditions including: developing and industrialized countries, as well as countries with

economies in transition; forest-rich and forest-poor countries; countries under various political, economic, social, cultural and environmental regimes. The field excursion exemplified the functioning of cooperative federalism and the application of the "subsidiarity principle", engaging three levels of government. Integration of decentralization within the national forest program (nfp) of a country is considered to be an essential step towards a successful decentralization process. The outputs from the Interlaken Workshop provide a useful framework to structure future deliberations and actions on decentralization at the United Nations Forum on Forests, as well as other national, regional and global fora addressing forest policy.

63. The participants expressed their deep appreciation to the Governments of Indonesia and Switzerland for co-sponsoring the Workshop, and to the organizing committee for their efforts. They also expressed their sincere thanks to the government and people of Switzerland for hosting the Workshop and for their warm and generous hospitality.

Notes

[1] This Workshop dealt with a number of related concepts, including decentralization, deconcentration, devolution, and privatization, among others. Annex 2 provides a summary of definitions offered in the various papers presented at the Workshop.

[2] These countries were: Argentina, Australia, Austria, Bolivia, Brazil, Burkina Faso, Cameroon, Canada, China, Colombia, Croatia, Cuba, El Salvador, Ethiopia, Finland, Germany, Ghana, Guatemala, India, Indonesia, Italy, Japan, Kyrgyz Republic, Malawi, Mali, Mexico, Morocco, Nepal, Netherlands, Nicaragua, Nigeria, Norway, Philippines, Poland, RDCongo, Russian Federation, Scotland, Senegal, Serbia and Montenegro, South Africa, Spain, Sri Lanka, St. Lucia, Switzerland, Thailand, Uganda, Ukraine, United Kingdom, USA, Venezuela, Zimbabwe

[3] The papers on which the presentations were based are available at www.cifor.org.

[4] Anne Larson on "Democratic Decentralization in the Forestry Sector: Lessons Learned from Africa, Asia and Latin America."

[5] Jesse Ribot on "Choose Representation: Institutions and Powers for Decentralized Forest Management."

[6] Ferguson and Chandrasekharan on the "Paths and Pitfalls of Decentralisation for Sustainable Forest Management: Experiences of the Asia-Pacific Region."

[7] Morell on "FAO Experience in Decentralization in the Forest Sector."

[8] Gregersen *et al.* on "Forest Governance in Federal Systems: An Overview of Experiences and Lessons."

[9] The Indonesian delegation, cosponsor of the Interlaken workshop, on "Decentralization for the Forestry Sector: Indonesia's Experience."

[10] Pacheco on "Decentralization of Forest Management in Bolivia: Who Benefits and Why?"

[11] Ritchie and Haggith on "The Push-me-Pull-you of Forest Devolution in Scotland."

[12] Rose with MacCleery on "Forest Resource Decision Making in the United States."

[13] Nsita on "Decentralisation and Forest Management in Uganda."

[14] Sasu on "Decentralisation of Federal Systems in Forests and National Forestry Programme: The Case of Ghana."

[15] Robinson et al. on "Power and the Development of Community Forestry: The Rhetoric and the Complex Realities in the Nepal Context."

[16] Arvind Khare on "Strengthening Community Land and Forest Rights for Meaningful Decentralisation."

[17] Makapukaw and Mirasol on "Decentralizing Protected Area Management: Mt. Kitanglad Experience."

[18] Elias and Wittman on "State, Forest and Community: Reconfiguring Power Relations and Challenges for Forest Sector Decentralization in Guatemala."

[19] Hlambela and Kozanayi on "Decentralized Natural Resource Management in the Chiredzi District of Zimbabwe: Voices from the Ground."

[20] Self-determination requires a domain of equitable and autonomous decision making.

[21] A minimum standards approach contrasts with approaches that require management plans or other pre-approval.

Annex A: Agenda

Country-led initiative in Support of UNFF on Decentralization, Federal Systems in Forestry and National Forest Programs (27-30 April 2004)

Monday 26 April

16:00 – 19:00 Registration

19:00 Speakers meeting

Tuesday 27 April

08:00 – 09:00 Registration

09:00 – 10:15 Opening by Official Representatives

(Philippe Roch, Director, Swiss Agency for the Environment, Forests and Landscape; Wahjudi Wardojo, Secretary General of the Ministry of Forestry, Indonesia; Albert Rösti, Secretary General, Canton of Bern; Susan Braatz, United Nations Forum on Forests; André Morgenthaler, President of the Community of Interlaken; David Kaimowitz, Director General, Center for International Forestry Research), with opening words by moderator, Christian Küchli, Swiss Agency for the Environment, Forests and Landscape

10:15 – 10:45 Coffee break

10:45 – 11:00 Workshop Objectives

11:00 – 11:35 Democratic Decentralization in the Forestry Sector: Lessons Learned from Africa, Asia and Latin America (Larson)

11:35 – 12:45 Country presentations and initial discussions

Indonesia: Decentralization in Forestry: Indonesia's Experience (Siswanto)

Bolivia: Decentralization in Bolivia: Who Benefits and Why? (Pacheco)

12:45 – 14:00 Lunch

14:00 – 15:30 Session I: Country Experiences (Chair: Chandrasekharan)

- The Push-me-pull-you of Forest Devolution in Scotland (Ritchie)
- Decentralization in Ghana (Sasu)
- Power and the Development of Community Forestry in Nepal (Robinson)

Session 2: Thematic Issues (Chair: Kaimowitz)

- The Implications for Biodiversity Conservation (Sayer)
- Choosing Representation (Ribot)
- FAO Experience in Decentralization (Wencelius and Morell)
- Paths/Pitfalls of Decentralization in the Asia-Pacific Region (Ferguson)

15:30 – 16.00 Coffee Break

16:00 – 17:15 Roundtable on Federalism (Chair: Capistrano)

Forest governance in Federal Systems (Contreras)

Respondents: Russia (Malysheva); Brazil (Toni); Switzerland (W. Zimmermann); Uganda (Nsita); India (Bahuguna)

17:15 – 18:00 Introduction to Field Trips (Küchli)

18:00 – 18:30 Sign-up for field trips

18:30 – 19:00 Constitution of the Drafting Committee, Working Groups Chairs and Rapporteurs

Wednesday 28 April

08:00 – 16:30 Excursion 1: Rugen/Murren – From Government to Governance (Küchli/Zumstein)

08:00 – 16:30 Excursion 2: Brienz - Cooperative Federalism to Fight Natural Hazards (Kaimowitz/E. Zimmermann/Ryter)

08:00 – 16:30 Excursion 3: Boltigen – Role of Local Community Organizations and the Cantonal Forest Service (Capistrano/Stucki/von Grünigen)

07:45 – 16:30 Excursion 4: Emmental Farm Forests – Resource Management in Privately Owned Forests (Blaser/Marti)

Thursday 29 April

08:00 – 09:00 Breakfast meeting for rapporteurs only, field trip reports

09:00 – 10:00 Field trip reports and discussion (Chair: Blaser)

10:00 – 10:30 Coffee break

10:30 – 12:00 Community Round Table (Chair: Capistrano)

- Community Issues in Decentralization (Khare)
- The State, Forests and Communities in Guatemala (Elias/Wittman)
- Decentralized NRM in Zimbabwe (Hlambela/Kozanayi)
- Decentralizing Protected Area Management in the Philippines (Makapukaw)

12:15 – 12:45 Introduction to Working Groups (Blaser)

12:45 – 14:00 Lunch

14:00 – 18:00 Working Groups

- Working Group 1 – Allocation of roles and responsibilities
- Working Group 2 – Maintaining ecosystem functions
- Working Group 3 – Policy, regulatory frameworks, equitable benefit sharing
- Working Group 4 – Financial incentives, promoting investment, private sector
- Working Group 5 – Participation, conflict and multi-stakeholder processes
- Working Group 6 – Capacity building, technical and information support

18:00 – 19:30 Chairs and rapporteurs of WGs prepare summaries

19:30 – 20:30 Drafting committee (coordinator: Maini) and rapporteurs meet

20:30 Open-ended drafting committee

Side event

19:30 – 21:00 CIS and Eastern Countries – exchange (Juszczac, Blaser)

Friday 30 April

07:00 – 08:15	Joint breakfast meeting, drafting committee and WG rapporteurs
08:15 – 09:00	Production of first draft of report
08:30 – 09:00	Coffee break
09:00 – 11:00	Review of Draft 1 by WGs
11:00 – 14:00	Drafting committee revises, produces draft 2 over lunch; visit to Interlaken of other participants
13:00 – 14:00	Lunch
14:00 – 15:00	Review of Draft 2
15:00 0 15:30	Coffee break
15:30 – 17:30	Propositions for consideration by UNFF member countries/Closing

Annex B: Definitions of Decentralization Concepts

Decentralization, Deconcentration and Devolution: A Sampling of Definitions*

Decentralization

"Decentralisation is usually referred to as the transfer of powers from central government to lower levels in a political-administrative and territorial hierarchy (Crook and Manor 1998, Agrawal and Ribot 1999).

Decentralization is transferring the power from the federal to regional level or delivering management functions to other authorities (Malysheva).

Deconcentration

Deconcentration is "...[a]dministative decentralization, i.e. a transfer to lower-level central government authorities, or to other local authorities who are upwardly accountable to the central government" (Ribot 2002 in Larson).

Devolution

Devolution is "The transfer of rights and assets from the centre to local governments or communities. All of these processes occur within the context of national laws that set the limits within which any decentralised or devolved forest management occurs" (Sayer et al.).

"The transfer of governance responsibility for specified functions to sub-national levels, either publicly or privately owned, that are largely outside the direct control of the central government" (Ferguson and Chandrasekharan).

Delegation

"The transfer of managerial responsibility for specified functions to other public organizations outside normal central government control, whether provincial or local government or parastatal agencies" (Ferguson and Chandrasekharan).

Ferguson and Chandrasekharan include privatisation as a particular form of devolution to private ownership that has become prominent in recent times (Ferguson and Chandrasekharan). However Ribot argues that privatization is not a form of decentralization.

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Agrawal, A and Ribot J. 1999. *Accountability in Decentralization: A Framework with South Asian and West African Environmental Cases*. The Journal of Developing Areas 33: 473-502.

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* Excerpted from a compilation by Elizabeth Linda Yuliani.

Malysheva, N.V. *Main Features of Russia's Forest Management System.*

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